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Evaluation

Evaluation of the contribution of global and regional Human Development Reports to the public policy process

Executive summary

Contents

Chapter		*Page*
I.	Introduction	2
II.	Background	2
III.	Contribution of global Human Development Reports to public policy processes	3
	Findings	3
	Conclusions	5
	Recommendations	9
IV.	Contribution of regional Human Development Reports to public policy processes	12
	Findings	12
	Conclusions	14
	Recommendations	15

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I. Introduction

1. In recognition of the important contribution of the global and regional Human Development Reports (HDRs) to public debate and public policy, the Executive Board approved the evaluation of their contribution to the public policy process at its first regular session of 2014, as part of the medium-term plan of the Independent Evaluation Office (DP/2014/5). The evaluation took place within the overall provisions of the UNDP Evaluation Policy.

2. The evaluation assessed the contributions of global and regional HDRs published from 2004 to 2013. The period encompasses reports produced since the adoption of General Assembly resolution 57/264 of 20 December 2002, which affirmed the importance of global HDRs. As this is the first independent evaluation of the global and regional HDRs, the evaluation also took into account the contribution of HDRs between 1990 and 2003 and examined how HDRs have progressed over time. Specifically, the evaluation aimed to: (a) assess the contribution of global HDRs to intellectual and analytical public policy debates; (b) assess the contribution of regional HDRs to policy discourse and advocacy at the regional level and public policy processes at the national level; (c) assess the contributions of global and regional HDRs to UNDP engagement in global and regional public discourse and advocacy and national public policy processes; (d) identify factors that explain the contributions of global and regional HDRs; and (e) present key findings, conclusions and recommendations to inform management decisions.

3. The evaluation covered the contribution of thematic analysis, human development data (e.g., data on indices and on different themes); background papers for the global HDRs; thematic analysis and data of the regional HDRs; and development and policy actors in all five geographic regions where UNDP works (Africa, Arab States, Asia and the Pacific, Europe and the Commonwealth of Independent States (CIS), and Latin America and the Caribbean).

II. Background

4. UNDP launched the first global HDR in 1990 and since has produced 23 global reports. These reports seek to raise awareness of and generate debate on public issues and concerns. In resolution 49/123 of 19 December 1994, the General Assembly affirmed that the HDR is the result of an independent intellectual and separate and distinct exercise from other activities of UNDP. In resolution 57/264, the Assembly acknowledged that the HDR "is an important tool for raising awareness about human development around the world." UNDP started to produce regional HDRs in 1994 and to date has produced 33 reports. Over $130 million has been spent on the global and regional HDRs produced since 2004.

5. Global HDRs do not have stated goals to ascertain their contribution against a predetermined set of aims. General Assembly resolution 57/264 and relevant UNDP Executive Board decisions, however, specify broad objectives for the report, resource allocations to the Human Development Report Office (HDRO) and consultative processes to be followed. Regional HDRs are part of the contribution to the outcomes of the regional programmes managed by the UNDP regional bureaux or in a few cases are framed as an outcome of the regional programme.

6. The evaluation presupposed that the global and regional HDRs contribute to generating debates about development that are of wide relevance across countries; and, more specifically, that the HDR cross-country analysis contributes to processes

that promote policies oriented towards human development and as global public goods, the global and regional HDRs have the potential to inform public policy processes. The evaluation therefore included analysis of HDR contributions to the following national policy process areas: (a) policy discourse; (b) policy advice; (c) advocacy; and (d) agenda- setting. The following sections present the findings, conclusions and recommendations for global and regional HDRs. The findings and conclusions distinguish between three interrelated aspects of the global and regional HDRs: (a) their perceived utility; (b) use; and (c) actual contributions to public policy processes.

III. Contribution of global Human Development Reports to public policy processes

Findings

7. **Reach and utility of global HDRs**. The global HDRs were used to a greater extent in the public policy processes at the national level compared to global and regional public debates. The degree to which each global HDR was used varied considerably across the reports and among the different groups of development actors. The global HDRs did not have a niche audience and the extent of use was low among policy intermediaries (civil society organizations (CSOs), academicians, think tanks). In a majority of cases, their use by government actors was contingent upon use by policy intermediaries. Therefore, low use by policy intermediaries decreased the level of use by government actors and policymakers. The global HDRs were not well targeted at different groups of development actors, thus reducing their potential for use in public policy processes. The use of global HDRs by CSOs has decreased over the years. Many civil society actors find the global HDRs increasingly lacking in striking messages that can be used in advocacy. Overall, the Human Development Index (HDI) was the most used content of the report.

8. There was significant variation in how long a particular report remained relevant. The subjects covered by the global HDRs were a factor in determining the interest shown and longevity of use by development actors. The ability of global HDRs to provide thought leadership largely rested on whether they followed the trend of contemporary development themes or raised critical development issues that were not widely discussed in policy debates.

9. **Influence on public policy processes**. Global HDRs contributed to bridging the concept and application of human development to development policy. The uniqueness of the approach, and the policy boundaries that the report could push, determined the level of contribution of the global HDRs. There were some outstanding reports that contributed to public debate and policy processes at the national level. The global HDRs helped to familiarize policymakers with the human development perspective.

10. Development actors typically had high expectations regarding the distinctness of the global HDRs vis-à-vis other publications. Factors that distinguished the global HDRs which were used more and contributed to public policy processes included distinctive human development concepts, tools for analysing development issues, perspectives that differed from mainstream thinking and boldness in communicating difficult, often controversial messages. Articulating a human development approach in a simple manner increased the use of HDRs and their and level of influence on policy processes. In the more recent reports, overcaution diluted the message, at times compromising on prioritizing key messages. Too many broad ideas presented in the report diluted the key messages, so that the reports contributed only in a

limited way to public policy debates. The focus of the report moved away from striking messages on enhancing human development to an array of information.

11. Global HDRs had limited influence on UNDP strategies and programmes. As there was no expectation that global HDRs should inform UNDP programmes, a systematic approach to using the global HDRs was lacking. When some country offices invested time and resources to assimilate the information presented in the reports, they found them to be useful in clarifying concepts and providing examples of best practices from countries across regions.

12. The HDI has become the trademark of global HDRs and has sustained the interest of policymakers, the media and academics, particularly at the national level. When it was introduced in 1990, the HDI provided an alternate development measurement that would generate discussion on the human development dimensions of public policies and global benchmarking. Over the years, beyond its use in comparing performances of countries, the importance of HDI as an advocacy tool has declined. The interest in the HDI did not always generate new policy debates, in addition to what education and health data already did. The HDI was seen inadvertently to divert attention away from development disparities and inequalities instead of highlighting them. Policymakers preferred using national data for development trends and performance monitoring, and the HDI was not seen to provide any additional insights other than what was already known.

13. Several factors reduced the standing of the HDI. Frequent revisions to its methodology in the past five years and the lack of adequate communication about the changes undermined the credibility of the index and contributed to the perception of a lack of transparency in its calculation. The HDI methodology has been quite dynamic and has changed very frequently. This has led to difficulties in comparing and interpreting the indices over time. The other issue was the outdated data used in the calculation of the HDI. UNDP did not engage in addressing country-level data constraints or management of development data. Although not typical of indices used in HDRs, national data were not used in calculating the HDI and there were significant data integrity issues. There were concerns over discrepancies between the international data used in HDI calculation and national data.

14. The global Inequality-adjusted Human Development Index (IHDI) and Multidimensional Poverty Index (MPI) did not receive much attention from development actors, although national-level computation of these indices has generated interest in some countries. There was low interest in global IHDI and MPI and indices such as MPI were largely perceived as less useful for public policy than income, health and education data.

15. The global HDR policy recommendations informed policy processes when the report took a clear position on the subject discussed. The reports of the past five years often compromised on core messages and hence made limited contributions to transformative debates. In a majority of cases, the global HDRs did not provide practical solutions to human development challenges. While this was a deliberate strategy, most development actors perceived it as a weakness of the report.

16. **Gender and human development.** The global HDRs made sustained efforts to develop gender-related composite indices. Overall awareness of the gender indices was low across countries with the exception of development actors working on gender-related issues. Notwithstanding their limitations, the 1995 Gender-related Development Index (1995-GDI) and Gender Inequality Index (GII) were used as benchmarks for women's progress in several countries. On the other hand, the thematic analyses of global HDRs were not effective in communicating messages to address gender inequality. The global HDRs varied in the attention paid to gender

inequality from a capability perspective. The reports addressed gender differences in terms of opportunities to achieve key functions such as shelter, good health and education. What was often missing was the analysis of factors related to the society and individual that are critical for ensuring these functions for women.

17. **Communicating global HDR messages.** The ineffective dissemination of key messages constrained the full potential of global HDRs in influencing thematic areas. UNDP did not adequately promote the reports beyond global and country report launches. Poor dissemination of global HDR messages reduced the use of the reports' thematic content.

18. **Management of the global HDRs**. The credibility of the global HDRs depended on the analytical and intellectual leadership the HDRO could provide; the choice of the HDRO Director was seen as crucial for this leadership. The editorial discretion of global HDRs was central to General Assembly resolution 57/264, and it has been critical that the HDRs avoid political pressures pertaining to their content. The extent to which this 'firewall' was ensured varied across reports, and recent reports have inadequately employed the editorial discretion which the HDRO could exercise.

Conclusions

19. **Conclusion 1: For a quarter century, the global HDRs have made major contributions to shaping the global development debate. More specifically, the contribution of global HDRs in taking the concept of human development to mainstream development policy has been important. A strength of the reports is their power of repetition – continuously producing annual messages on human development using different themes.**

20. When first produced, the global HDRs promoted a human development framework that was distinctive at the time when the old development paradigm, structural adjustment and the free-market economy were becoming discredited. Global HDRs provided the language to articulate limitations of the neoliberal economic model and provided a different paradigm about development and well-being. The use of a composite index of economic and social indicators has been particularly useful to this paradigm shift. Although the imperfections of the HDI are criticized by development actors at the country level, the report itself was widely perceived as an important innovation in development measurement. Although the concepts seem self-evident today, the global HDRs initiated the discussion of measurement of human development and comparison between countries.

21. Global HDRs presented a simple, understandable and relatable development narrative that is based on the capabilities approach. In general, global HDRs successfully adhered to the human development framework in the themes analysed by individual reports, although this was stronger in some reports than others. Its consistent use of the human development framework is the particular strength of the HDR. The profile and authority of the founding authors of the report has been a key factor in generating widespread acceptance of the concept and its more popular measurement indices. UNDP should be credited for the institutional backing it provided to this intellectual exercise.

22. The global HDRs were political when first published and continue to be so. In gaining the acceptability of a range of countries (including greater acceptability by the countries of the global South), the reports have made immense contributions in promoting human development as a legitimate issue in the overall progress of a country. Despite its role as guardian of a more inclusive, Southern-owned model of development, prior to the HDRs the United Nations typically had not measured and

ranked countries. In this regard, the global HDRs made accomplishments in fostering the human development movement. The contribution of global HDRs in reinforcing an alternative perspective to development in public policy discourse at the country level has been significant. There is a greater acceptance of the human development approach in development planning than there was two decades ago. Although this cannot be fully attributed to the global HDRs alone, their contribution has been important.

23. The global HDRs issued from 1990 to 1999 had a significant influence. The human security approach introduced in the 1994 HDR informed discussions in the United Nations. The approach was included in the 2005 World Summit Outcome as a concept to be discussed and formally defined. Similarly, the 1995 HDR focusing on gender was among the earliest global documents that prefaced the Fourth World Conference on Women. At the conference, which resulted in the Beijing Platform for Action, gender mainstreaming was established as a major global strategy for promoting gender equality. The global HDRs during this period provided the intellectual groundwork for the Millennium Summit and the International Development Goals, which later were manifested in the Millennium Development Goals. Different groupings of Member States acknowledged the potential of the global HDRs to create a global consensus on development narratives.

24. The reports from 2000 to 2005 responded to the major global political situation at the time and managed to maintain the momentum of the global HDRs. From 2006 to 2009, there was a shift in the approach of global HDRs and the reports covered a combination of themes, some related to the Millennium Development Goals. The themes had greater sectoral relevance. In the period that followed, since 2010, the global HDRs addressed a range of issues not always significant in terms of ongoing global debates or providing a new perspective, although this period was critical for the post -2015 agenda and the debates on sustainable development goals. This period also marked the erosion of the distinctiveness of the global HDRs and their contribution. While a vast body of knowledge was generated by the past five reports, the ability of the global HDRs to influence global debates and national public policy processes have been diluted significantly. The reports increasingly are losing their reputation as a distinctive human development publication.

25. **Conclusion 2: The global development environment has changed significantly since the global HDRs were first published 25 years ago. For example, today there is less polarization of ideological positions. There is considerable increase in the number of publications and databases that provide global analysis, and global HDRs consistently have to be distinctive to remain relevant. The global HDRs have not kept up with emerging development issues and the changing demands of the knowledge space resulting from a significant increase in the number of research-based publications and numerous data and information channels.**

26. With the exception of three reports, the global HDRs in the past decade were unsuccessful in generating or contributing significantly to global public debates and national policy processes. Instead of providing thought leadership, the reports merely followed current trends and were unable to provide a different perspective on key emerging development issues. The global HDRs to a great extent are trading on the reputation of past reports and have been ineffective in using the intellectual space generated by earlier HDRs. To regain the transformative capacity of the report, the factors responsible for their declining reputation need to be addressed.

27. The concept of human development has increasing appeal and extraordinary resilience. Unlike many other ideas that disappear quickly from the development

discourse, human development is a well-accepted paradigm of development. The human development agenda has just begun and there is considerable work to be done in transforming debates and making public policies more people-oriented. Challenges remain in applying the human development approach to development policies, and the global HDRs were not successful in sustaining the debate to meet these challenges.

28. The global HDRs did not prioritize core messages and hence contributed in a limited way to transformative debates. The reports became a mere consciousness-raising exercise rather than a framework for informing public debates and development policymaking. By being selective in interpreting the human development approach and available evidence, over the years the reports' arguments have become unpersuasive. There has been less innovation of late in advancing the human development approach and its application, even taking into account the MPI and the work on inequality. The contents of some of the reports in the past decade do not justify the 'human development' title.

29. The standing of the global HDRs has been considerably reduced. The global HDRs are increasingly compromised when dealing with conflicting perspectives, weakening the reports' relevance for public debate and policy. An increasing tendency for political correctness in the presentation of analysis and policy recommendations has reduced the reports' usefulness in informing policy changes, at times defeating the very purpose of the global HDRs.

30. The global HDRs have moved away from their original emphasis on the human development narrative to indices, and over the years indices have become an end in themselves. The excessive attention to indices, although not intended, has undermined the original purpose of the report, to draw attention to the human development approach in public policies.

31. **Conclusion 3: Too many indices produced by the global HDRs have weakened their usefulness for human development discourse as well as their significance for public policy processes. The discussion on global HDRs increasingly have been diverted by indices rather than generating debate on the human development approach pertaining to the theme of the report. The HDI is losing its relevance and needs to be revisited.**

32. The HDI has been powerful in bringing the attention to human development issues through a simple index and has remarkable political and advocacy appeal. While the decision to create an HDI broke new ground in the 1990s, its continued relevance lies in addressing the various limitations to suit the changed context. The HDI has ceased to serve the purpose for which it was developed. With the changed context and significant increase in gross domestic product (GDP) across countries, there is closer correlation of the HDI with GDP, without comparable improvement in actual human development. The disproportionate influence of the three elements has reduced the ability of index to capture a country's human development measure. The index in the present form has limitations in generating public policy debate or informing public policy processes, and can be potentially misleading in setting policy agendas. At a time when there is greater recognition of the human development approach internationally, the HDI in its present form in some ways has become counterproductive. There is a need for a better composite index for human development.

33. Less significant revisions to HDI further diminished its credibility and the leadership the HDRs could provide in measuring human development. What is needed are not minor modifications of the index, but rather an index that reduces GDP-driven variations in the human development measurement. The revisions made

to address the shortcomings of the index were not well thought out and did not address the fundamental issues.

34. In the past decade, global HDRs used six other indices besides HDI; and currently six indices are used. The IHDI and MPI, while contributing to human development thinking, have limited relevance for national public policy debates. Given the long data time lag, they have limited utility as a global index. The IHDI and MPI are more suited for use at the national level, with appropriate adjustments to suite the particular situation of the country. Notwithstanding their conceptual and methodological limitations, the various gender indices (1995-GDI, GII, Gender Empowerment Measurement and the 2014 GDI[1]) provided a benchmark and global comparison on the progress of women. However, they did not provide any additional understanding of either well-being or empowerment.

35. Although not typical to global HDR indices, data time lag is a major issue in the relevance of most indices. Despite having published HDIs for a quarter century, UNDP did not proactively engage in addressing issues related to country-level data constraints or management. This is understandable given that UNDP does not have a role in generating or disseminating data. However, as a user of data for compiling HDIs, UNDP for a long period eluded its responsibility of ensuring that the data used are adequately current. UNDP did not work with other United Nations agencies in supporting national statistical institutions to strengthen their capacities and practices.

36. **Conclusion 4: There was limited interest shown by UNDP to promote the messages of the global HDRs; and the disconnect between the HDRO and the UNDP programme units was a contributing factor.**

37. There has been a marked shift from the time when UNDP consciously signalled to the world the value it attached to human development. There is no formal institutional arrangement within UNDP to promote the practice of human development, although the organization underscores human development as its programming principle. With regard to the global HDRs, there is no mechanism to convert the ideas put forward in the reports into action, which significantly undermines their influence on UNDP programmes and strategies. The unexciting reports of recent years further contributed to the lack of interest among UNDP staff in the global HDRs, and the ownership of the flagship report within UNDP has decreased considerably.

38. Managing various trade-offs by HDRO was critical to maximizing both the UNDP development presence globally and its extensive country presence. For the HDRO, there are trade-offs in being an independent office and at the same time depending on UNDP programme units for dissemination of messages and for drawing on the country offices' knowledge base. There are also trade-offs in producing thought-provoking reports that may not have relevance for UNDP programming; or may generate controversies for UNDP programmes. HDRO has not been effective in managing the trade-offs with UNDP and increasingly has been alienated within the organization. One of the consequences is the decreasing interest in the global HDRs within UNDP.

39. The recommendations of the global HDRs remain in the realm of ideas and minimal efforts are made to contextualize them and make them actionable. Inadequate mechanisms to discuss the messages of the HDR and engage key policy

[1] The global HDR introduced two gender indices, the first in 1995 and the second in 2014. While both use the same acronym, the computation of the indices is different.

actors have reduced the possibility of converting ideas into action and resulted in the reports often fading away after the launch.

40. **Conclusion 5: In its resolution 57/264, the General Assembly recalled that HDR is "the result of an independent intellectual exercise" and should be "undertaken in a neutral and transparent manner". The resolution is significant and allows the reports to generate human development-oriented public debate. In recent years, the HDRO did not use the mandate to make the global HDRs thought-provoking reports with a clear and strong message.**

41. The legitimacy of the global HDRs lies in the forthrightness of messages and transparent analysis to contribute to transformative debates. In recent years, the leadership of HDRO was not successful in fulfilling this role.

42. Intellectual inputs to the reports have weakened considerably over the years. A weak research base and the inability of the HDRO to bring fresh ideas to the global HDRs have reduced the intellectual rigour of the analysis and policy positioning of the reports. The HDRO is not adequately equipped in terms of research capacities to be able to present human development analysis in new ways that will have a long-lasting influence on how people think about development. A related issue was the inability of the HDRO to draw on the scholarship of countries of the global South.

43. The influence of the global HDRs is inherently related to their use by policy intermediaries, and CSOs have always been the strongest allies of the reports. However, interest in the report and its messages among the civil society actors has declined considerably. Both the HDRO and UNDP have not cultivated this group adequately, resulting in the diminishing advocacy value of the reports.

44. The HDRO process for preparing the report does not reflect the General Assembly mandate to undertake full and effective consultations with Member States. The HDRO has been excessively guarded about the content of the report until the day of launch. The opportunity to share various drafts to generate debate, even if it was contentious, was lost. The reports compromised on messages and tried to please everyone, a situation which can be avoided by sharing analysis and draft reports for discussion.

45. The cost implications of global HDR production are substantial and the quality of the report does not reflect the resources invested in it. Also, the imbalance between the production cost and the resources allocated for dissemination has done a great disservice to the report, seriously undermining its contribution.

Recommendations

46. **Recommendation 1: Given its positive reputation, the global HDR has the potential to keep human development on the agenda of public debate and policy process. The time is ideal to relaunch the idea of human development much more strategically, and to help UNDP regain the intellectual space in the global development discourse that it once commanded. It is also recommended that factors causing damage to the reputation of the report and its contribution be addressed.**

47. There is a gap in ideas and perspectives about human development and the policymaking process. Transformative ideas are needed to address the development challenges posed by the downside of globalization, e.g., increasing inequality and insecurity, as well as growing environmental and other threats. The global HDRs have a critical role to play in generating these ideas. UNDP should make concerted efforts to ensure that the global HDRs provide powerful messages to further human development, and should continue publishing the annual global HDR.

48. The legitimacy of the global HDR lies in the forthrightness of its messages and its transparent analysis. To contribute to transformative debates, the global HDR should not shy away from difficult messages. The indices cannot be a substitute for the new perspective and strong thematic analysis the report is expected to provide. Each report should aim to push the boundaries of development thinking, focusing on issues and perspectives that previously were neglected in public policy debates. The reports should take a strong policy position, even if it does not align with current development thinking.

49. The strength of the global HDR is the human development framework. Specific efforts should be made to ensure that the reports have a strong human development perspective and widen the conceptualization and policy application of human development.

50. **Recommendation 2: UNDP should revisit the purpose of human development indices and examine their added value to the messages of the reports. Given the issues related to computation and data, HDRO should not clutter the report with composite indices which have limited value.**

51. Composite indices such as the MPI, IHDI and GII, however sophisticated, have serious limitations when calculated at the global level because of data limitations, subjectivity in the choice of the variables and the weights attached. UNDP should reconsider using these measures at a global level.

52. The global MPI has limited value for national public policymaking or for global comparisons. As MPI works best when adapted to suit national contexts and specificities, UNDP should promote its use at the national level.

53. **Recommendation 3: There have been efforts by the HDRO in recent years to address various criticisms related to methodology of the HDI, and there have been revisions to the index. While important, these efforts are not sufficient to address the fundamental limitations of the HDI. To be able to achieve greater policy and analytical influence, consider reconstructing the HDI following a thorough review.**

54. The value of HDI lies in its ability to provide a simple and reliable measure of a country's human development and its potential to inform public debate. It is recommended that HDRO carry out a comprehensive review of HDI, carefully thinking through its various components and implications in terms of data and other issues, and address fundamental methodological issues.

55. It is recommended that HDRO have a policy to ensure that the methodology of the indices is not changed frequently, and there should be a fixed period of time for undertaking any revisions. Changes to the methodology should be well thought out to avoid frequent revisions. It is also recommended that HDRO should ensure transparency in the methodologies used to develop the indices.

56. **Recommendation 4: UNDP should take adequate measures to enhance the influence of the global HDR on the public policy process. The role of UNDP programme units is extremely important in this regard.**

57. UNDP should take measures to promote key messages of the global HDR. Each global HDR should be followed by a corporate policy brief on the messages the various programme units should pursue. Sufficient measures should be taken to systematically improve the contextualization and dissemination of the messages.

58. UNDP should operationalize the corporate Knowledge Management Strategy, 2014-2017 to enhance the contribution of UNDP publications, including the global HDR. Because the resources allocated for the global HDR are not adequate for

dissemination of the report's messages, UNDP should address the imbalance between the report's production costs and the funds for disseminating its messages. A related but equally important issue that needs to be addressed is setting aside additional funds for advancing the practice of human development.

59. **Recommendation 5: The management of the global HDRs needs to be adequately strengthened to provide a stable environment for preparation of the report and to enhance the reputation of the reports.**

60. To be influential, the global HDR must stimulate new ideas and provide thought- provoking analysis that can generate policy debates and inform public policy processes. By its very nature, the global HDR is bound to address important issues that will give rise to diverse views and interests. UNDP should guarantee strong leadership for the HDRO to guide the hugely intellectual and political exercise of preparing the global HDR.

61. Several management issues need to be addressed which are critical for producing global HDRs that are credible and thought provoking. The evaluation considered as key issues the tenure of the HDRO Director and the mechanisms in place to handle transition; scheduling of the report's preparation; and research and data management. To address these issues, the evaluation suggests the following:

(a) UNDP should revisit the current model of HDRO Director, who is the lead author of the report. Given the intensity of the task of leading the global HDR, this model has proven to be less than effective. UNDP should consider a model in which the HDRO Director manages the office and there are lead authors for each report. The lead author will be a senior researcher with international standing in the subject of the report, who will work closely with the HDRO in preparing the report. This will allow HDRO to plan the reports ahead of time as another lead author can work on the subsequent report. Having reputable researchers and experts as lead authors will enhance the credibility and standing of the global HDR. The Director of the HDRO can have a longer term (of five years) and the primary responsibility of managing the process and liaising with UNDP. This approach will also address leadership transition issues that face HDRO every time there is a change of Director;

(b) The report schedule needs to be addressed. There should be a clearly determined time frame for producing the reports, allowing sufficient time for discussion of various drafts. HDRO should put in place mechanisms that will allow the preparation of a new report well ahead in time while the previous report is being concluded. This would require revamping the research team. The model suggested above will address some of these issues;

(c) There should be specific measures in place to ensure a credible research process, particularly in using illustrations. There should be adequate checks and balances to ensure robustness of research;

(d) The HDRO should review its data sources, and explore options to reduce the time lag and variances in national and international data. HDRO should engage with UNDP country offices to better collaborate with national statistical offices.

62. While retaining its editorial discretion, the HDRO should move away from the guarded approach to report production to more open consultations. Specific measures should be taken by HDRO to strengthen the consultation process. Robust mechanisms should be in place to share content as it evolves so as to generate debate. There should be extensive consultations in developing countries during the report preparation process, involving Governments, CSOs and scholars.

63. The HDRO should make specific efforts to broaden the academic research and intellectual base of global HDRs. The HDRO should develop more structured research partnerships to enable new ideas as well as to draw on a wider research. It is critical that HDRO use scholars from a wide range of countries, particularly from the South.

64. The permanent research team of HDRO should include new additions for each report not only to bring fresh research perspective but also to build on networks of academics and researchers to strengthen the reports. Efforts should be made to develop a programme that would allow scholars to work for HDRO for a short period. This is essential to revitalize the team for every report and to strengthen the capacities of the HDRO.

IV. Contribution of regional Human Development Reports to public policy processes

Findings

65. **Reach and utility of regional HDRs**. The goals of the regional HDRs – to play a catalytic role through research and data compiled on topics that have policy relevance, spur action on policy areas that are relevant for human development at the regional and national level, and engage a broader audience in public policy debates – imply that a range of regional- and national-level actors will use the regional HDRs, and that these actors will be pathways to inform regional policy discourse and national public policy processes.

66. National-level actors used the regional HDRs comparatively more than regional-level actors. Overall, about a quarter of the regional HDRs were used. Across all regions, some reports were used more than others and the use of the regional HDRs is contingent upon their themes and policy relevance to the country. Poor awareness of regional HDRs significantly affected the level of their use.

67. Regional HDRs informed UNDP regional programmes where possible and some regional HDRs enhanced the intellectual standing of UNDP in the region. The regional HDRs enabled UNDP to engage with a wide range of development actors on issues of critical policy relevance to the region. Regional HDRs were used by UNDP country offices to identify further avenues of engagement with government. Across regions, the regional HDRs were perceived as being used more by UNDP country offices than other development actors.

68. **Informing public policy processes**. In each region, there were instances of regional HDRs contributing to public policy processes. The regional HDRs responded to the research and analysis needs of countries with inadequate research capacities. Overall, given their limited use, it was extremely challenging for regional HDRs to contribute to public policy processes at the regional and national levels.

69. The reputation of UNDP as a neutral agency makes it particularly suited for initiating sensitive discussions. Regional HDR themes generally responded to issues that were relevant to multiple countries, (e.g., gender, corruption, citizen security); too sensitive to address within a single country (e.g., freedom, human security, gender, corruption, inclusion, HIV/AIDS); those with inherent cross-border dimensions (e.g., trade on human terms, three reports on citizen security); or where solutions to a country's problems depend on the cooperation of others (e.g., regional cooperation, climate change).

70. The quality of a report, while important, was not always a factor in determining whether it contributed to public policy debates or processes. Development actors considered the regional HDRs to be good sources for reference, but the analysis and policy recommendations were not always adequate to generate policy debate. What distinguishes a regional HDR from other reports is its human development framework, and there were mixed views on whether regional HDRs provided a human development perspective.

71. The regional HDRs responded to the research and analysis needs of countries with limited resources for such work. The regional HDRs were also more useful to countries that had recently emerged from civil war where there was a need for 'neutral spaces' to lessen the legacies of polarization, to mediate among contending forces and to use data and analysis to learn from successful development models.

72. **Gender and human development**. The two regional HDRs on women's empowerment were important in emphasizing gender equality in public policy. In a complex and sensitive public policy environment, the *Arab Human Development Report 2005: Towards the Rise of Women in the Arab World* provided a discursive space to debate issues that are fundamental to women's empowerment in the region. The report, *Power, Voices and Rights: A Turning Point for Equality in Asia and the Pacific* provided a comparative analysis of gender disparities and development in countries in that region.

73. Across regions, there was a preference to use publications that analysed development themes from a gender perspective. The regional HDRs fell short on gender analysis, particularly from a human development perspective. The regional HDRs were not always an important source of gender analysis on the subject covered, and there has been limited evidence of their contribution to gender-related policy processes.

74. **Factors that affected regional HDR contributions**. It was hard for regional HDRs to find a niche at the regional or national level. Intergovernmental actors, policymakers and advocacy organizations had limited awareness of the regional HDRs. It was difficult for the regional HDRs to gain the attention of development actors, unlike the global HDRs which had the advantage of the HDI to secure development actors' attention, or the national HDRs, which have direct policy relevance to the country.

75. The regional HDRs had the challenging task of remaining relevant in a policy context in which other, regularly published publications with regional analysis of key development issues are increasingly available. In many cases, development actors preferred reports from agencies with subject specialization. Regional HDRs did not have a distinctive value when compared to other publications on similar subjects.

76. When possible, partnerships with regional institutions were used to promote the messages of the regional HDRs. In a majority of cases, the regional institutions were not adequately engaged in the preparation of these reports, leading to poor ownership of the reports. The timing of the reports and the topics addressed are important if the reports are to inform regional intergovernmental policy processes.

77. The audience for the regional HDRs was not always clear. UNDP did not find the right balance in engaging different groups of development actors in promoting human development messages. UNDP also did not proactively reach out to CSOs or think tanks during preparation of regional HDRs or dissemination of their messages

78. Policymakers and advocacy actors expressed a marked preference for regional HDRs with a subregional focus. Reports which had a subregional focus or included

only a few countries were found to be more useful in informing public policy processes. The geographical and transboundary approach, covering critical development challenges that are relevant to a group of countries, was found to have greater policy relevance.

79. **Communicating regional HDR messages**. The regional HDRs lacked the profile of the global and national HDRs. The strategies used to disseminate regional HDRs and their messages were not sufficient to provide necessary visibility. Across regions, national and global HDRs were comparatively discussed more. The regional HDRs could not generate a similar appeal at the regional level (with the exception of those for the Arab States region).

80. The primary UNDP communication strategy appears to be overwhelmingly focused on the mainstream media, which has a limited attention span. UNDP has not been effective in using social media to disseminate key messages of its reports. Because they are published at the regional level, it was often difficult for the regional HDRs to attract the attention of mainstream media, even when the report was launched in the country.

81. Regional bureaux have made specific efforts to engage country offices in the preparation of the regional HDRs and to facilitate their use for UNDP programme support. While country offices acknowledge this, the consultations were insufficient to maximize the use and influence of the reports. Similar to global HDRs, there is a lack of clarity on the role of country offices in disseminating the messages of the reports. In some regions, there was a lack of headquarters support to the country offices to build on the momentum generated by the regional HDRs.

82. Different approaches were used to manage the production of the regional HDRs. Although there are guidelines on the quality criteria for regional HDRs, there was considerable variation across the bureaux in terms of their operationalization. The regional HDRs were better managed when there were dedicated senior-level staff engaged fully in the preparation process. The lack of a systemic approach to regional HDRs has resulted in the reports becoming an output rather than a tool for UNDP to engage in public policy debates.

Conclusions

83. **Conclusion 1: The regional HDRs have yet to distinguish themselves from other regional publications of UNDP. The standard for what constitutes a HDR has yet to be fully internalized, although this is necessary to find a distinctive space among the array of regional-level publications.**

84. The comparative advantage of the regional HDRs vis-à-vis other publications is the human development dimension which the reports bring to the analysis of development themes. The regional HDRs could not position themselves as distinctive publications at the regional or national levels. A key weakness of the regional HDRs was the lack of a strong human development framework. Besides bringing new perspectives and evidence-based policy options, it is critical that the regional HDRs be guided by the human development framework. The regional HDRs were not effective in achieving this and were thus less successful in bringing a new dimension to development policy.

85. Thought leadership and human development analysis of themes are key to the success of regional HDRs. The reports that contributed to transformative debates, as in the case of HDRs covering the Arab States, had powerful messages challenging existing development practices. With notable exceptions, the regional HDRs have made limited contributions to regional and national public policy process and to

UNDP programmes. A lack of bold policy propositions, weak human development analysis and poor dissemination of the reports' messages undermined the use and contribution of the regional HDRs.

86. There is no corporate policy on the purposes of HDRs published at different levels, on the intended audience and how the HDRs are distinct from other UNDP publications. There is also no organization-wide perspective on how regional actors should be engaged or if regional HDRs are an appropriate tool for doing so. As a result, the purposes of regional HDRs are interpreted differently, and the objective of informing public policy process could not be achieved.

87. The comparative advantage of the regional HDRs vis-à-vis global and national HDRs is not adequately taken into account in the development of regional HDRs. While it is important to respond to region-specific issues, the reports were poorly aligned either with the themes of the global HDR or national HDR, and as standalone analysis were not able to create a niche in the development discourse. The regional HDRs, while located in the regional programmes, were not able to establish their value and have largely become merely another UNDP regional publication.

88. **Conclusion 2: Clarity on who are the primary users of the report is critical to ensure that the reports focus on their intended audience. It was not clear who is the audience of the reports. In the attempt to reach different groups of development actors at the regional and national levels, the regional HDRs have diluted their messages.**

89. The lack of a clear target audience undermined the influence of the regional HDRs. There is an ambiguity about how to relate to regional policy actors, particularly regional intergovernmental bodies or civil society actors. The regional HDRs did not establish a niche audience, and were not successful in informing regional institutions' policy processes or policy advocacy at the regional and national levels.

90. **Conclusion 3: Lack of gender analysis from a human development perspective and related policy propositions diluted the contribution of the report. The regional HDRs missed the opportunity to expand the conceptual boundaries of gender-related constraints in pursuing individual goals and interests. The reports did not provide new policy perspectives that would challenge output-oriented development practices.**

91. The regional HDRs were not always an important source of gender analysis on the subject covered, and there has been limited evidence of their contribution to gender-related policy processes. The regional HDRs included gender-disaggregated analysis, but systematic analysis of gender from a human development framework was either limited or lacking altogether. With sparse policy recommendations and weak gender analysis, the advocacy value of the reports remained limited.

Recommendations

92. **Recommendation 1: UNDP should revisit the purpose of the regional HDRs and explore options to strengthen the contribution made by the reports. UNDP should not publish thematic regional HDRs unless there is something significant to talk about. It is imperative that the reports have a strong human development perspective. UNDP should take adequate measures to enhance the influence of regional HDRs on regional and national policy processes.**

93. To strengthen the contribution of the regional HDRs to public policy processes at the regional and national levels, UNDP should revisit the purposes of the regional

HDRs in relation to the global and national HDRs. UNDP should ensure that regional HDRs capitalize on the global and national reports and pay specific attention to strengthening the policy and advocacy dimension of the regional reports, in term of sustained follow-up activities. Specific efforts should be made to strengthen human development analysis and gender analysis in the regional HDRs.

94. Every region has issues that merit a regional publication. The regional HDRs should add value beyond what is offered by publications of other organizations. UNDP should not publish regional HDRs on themes that are widely researched and published, unless it brings an additional dimension to the debate. UNDP should explore the option of regional HDRs providing human development analysis and only periodically produce thematic reports that can contribute to development discourse and public policy and provide a new perspective.

95. **Recommendation 2: The subregional scope of the regional HDRs proved to be a useful approach both to cover issues that are specific to a few countries or subregion and also provide in-depth analysis. This approach should be thought through and adequately strategized for a greater impact of regional HDRs.**

96. Important lessons can be drawn from the regional HDRs with a subregional focus in Asia and the Pacific, Europe and the CIS, and the Latin America and the Caribbean. Given the specificities of different groups of countries in the region, UNDP should consider publishing regional HDRs with a subregional focus. Regional HDRs should be used specifically to provide human development-oriented data and analysis for regions that are not adequately covered by global research and analysis.

97. **Recommendation 3: Specific attention should be paid to developing systems and processes to communicate and disseminate the messages of regional HDRs. Effective communication and dissemination of the messages is closely related to the knowledge management systems and capacities of UNDP, and this need to be strengthened.**

98. UNDP should effectively implement its Knowledge Management Strategy, 2014-2017 to address the larger issues related to dissemination of messages of its knowledge products. To improve the contribution of the regional HDRs it will be necessary to:

(a) Address issues related to poor dissemination of the messages of the regional HDRs. UNDP should develop a dissemination strategy for its flagship publications, addressing how the HDRs will be promoted through UNDP programmes and activities and clearly spelling out the roles and responsibilities of different programme units;

(b) Provide resources to country offices for dissemination of the messages of reports. In the Asia and the Pacific and the Latin America and the Caribbean regions, additional funds were provided to country offices for communicating the messages of the regional HDRs. Such approaches should be strengthened and institutionalized.

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Evaluation

Management response to the evaluation of the contribution of the global and regional Human Development Reports to the public policy process

Context and background

1. Human development is defined, in short, as a process of enlarging people's choices. Every day, human beings make a series of choices – some economic, some social, some political, some cultural. The ultimate objective of development is not to create more wealth, or to achieve a higher rate of growth, but rather to enhance this range of choices for every human being. Human development is thus people-centred.

2. Enlargement of human choices has two sides: the enhancement of people's capabilities; and improvement of their opportunities to use those capabilities. A balance between the two is essential for optimizing human development.

3. Human development is both a process and an outcome. It is concerned with the process through which choices are enlarged, but also focuses on the outcome of enhanced choices.

4. In the ultimate analysis, human development is development of the people (human resource development), development for the people (equitable distribution of development benefits) and development by the people (participatory development).

5. Human development represents a holistic approach to development. It is solidly anchored in human rights, strongly linked to human security and comprehensively encompasses gender equality and environmental sustainability.

6. This concept of human development has informed the Human Development Reports (HDRs) since 1990. The HDRs have had three concrete objectives: to contribute to extending the frontiers of analytical thinking of human development with a broader perspective of human well-being; to actively contribute to global development discourses, debates and dialogues on people-centred policies and strategies; and to pursue, for measuring development

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outcomes, assessment methodologies and tools which are not blind to broader aspects of human well-being. These all contribute to thought leadership in development by UNDP.

7. Two issues are pertinent to these objectives of the HDRs: they are independent reports with analytical and editorial independence; and they are reports to UNDP. The implications of the second point are twofold: first, UNDP can use this flagship publication for its contribution and weight in global policy spaces to ensure its thought leadership; and second, HDRs are not supposed to represent UNDP strategies or programming, which are the mandates of the UNDP strategic plan.

8. The most celebrated focus measure of human development is the Human Development Index (HDI). Given that human choices are infinite, it is recognized that at all levels of development, the three essential opportunities are for people to lead a long and healthy life, to acquire knowledge and to have access to resources needed for a decent standard of living. If these essential opportunities are not available, many others remain inaccessible. The HDI captures these basic dimensions of human development.

9. However, a concept is always broader than any of its proposed measures. Any suggested measure of any concept cannot fully capture the richness and the breadth of the concept. This is true of the notion of human development as well. In principle, human choices can be infinite and change over time.

10. In this context, there are two types of measures for human development: breadth measure; and focus measure. The breadth measure, which may be termed 'human development accounting', encompasses all indicators related to human development assessments. The focus measure, which is basically composite indices, concentrates on some basic dimensions of human development. Human development accounting is required to have a comprehensive assessment of human development conditions in any society, but does not provide a single number to synthesize the state of affairs in some basic dimensions. Focus measures, which provides a single measure, are particularly suitable for advocacy and for initiating healthy competition among societies for raising awareness, but not for providing a comprehensive picture. Thus, both measures are needed for any assessment of human development in a society.

11. The HDI is not a comprehensive measure of human development. It focuses just on the basic dimensions and does not take into account a number of other important dimensions of human development. It is composed of long-term human development outcomes, and as such does not reflect the input efforts in terms of policies nor can it measure short-term human development achievements. The HDI is an average measure and thus masks a series of disparities and inequalities within countries. Disaggregation of the HDI in terms of gender, regions, races and ethnic groups can unmask the HDI, and can be and has been used widely for policy formulation. Income enters into the HDI not in its own right, but as a proxy for the resources required to have a decent standard of living.

12. The HDI thus has to be supplemented by other useful indicators in order to have a comprehensive view. It is human development accounting, not the HDI, which can portray the complete picture.

13. The HDRs contain other composite indices: the Income Inequality-adjusted HDI; Gender Inequality Index; Gender Development Index; and Multi-dimensional Poverty Index. These indices represent assessments of specific areas of achievements and gaps in human development. In that sense, they are complementary to the HDI.

14. Over time, these indices have undergone methodological changes and adjustments, based on extensive consultations with experts and on solid analytical research. The changes were done to reflect new realities and new knowledge accrued.

15. By mandate, most of the data in the composite indices are internationally standardized data from various United Nations agencies (e.g., the United Nations Educational, Scientific and Cultural Organization, United Nations Statistics Division) and the Bretton Woods Institution (e.g., World Bank). In certain exceptional cases, some estimates and extrapolation are done in-house. All the statistical annexes present internationally standardized data to provide comparability of human development achievements between countries. The more rapidly that national statistical offices make their data available to United Nations agencies and the Bretton Woods institutions, the sooner these data can be reflected in the composite indices and statistical annexes of the HDRs. It also needs to be recognized that text boxes and tables in the HDRs draw from various sources and in those cases, comparability across countries is not an issue.

Overview of the methodology

16. The UNDP management recognizes that the evaluation has been done at an opportune moment for the HDRs; 2015 represents the twenty-fifth anniversary of the publication of the first HDR and over this period, 23 HDRs have been produced. So this is the time to reflect, evaluate and formulate the future course of action for this flagship publication of the organization. The findings, conclusions and recommendations of the evaluation will guide that process. UNDP management thus welcomes the evaluation as it provides valuable insights into the effectiveness, efficiency and sustainability of the HDRs and thus help to focus, their content and processes for producing them.

17. Management also recognizes the methodology of the evaluation, which combines evaluative evidence and country studies. The report has presented the analysis, findings and recommendations of the evaluation in a structured way. However, UNDP management believes that because this is the first thematic evaluation of the HDRs, if the entire period of their publication (1990-2014) had been covered by the evaluation, as opposed to the last 10 years (2004-2014), the organization would have been benefitted in terms of information and guidance from more refined findings and conclusions.

18. More concrete evidence in support of some findings would have helped UNDP management to better understand the dynamics of various issues and pursue concrete actions. Uniformity in survey methods (e.g., use of questionnaires in some cases and open-ended interviews in others) would have strengthened the methodology of the evaluation and clarity of some assertions (e.g., as in paragraph 243, which states, "The past four reports were considered as below average compared to the global HDR standards... ") would have made some of its findings credible. For example, it is not clear what an average is in this case and what global HDR standards are defined. Unfortunately, there are numerous such assertions throughout the evaluation.

19. It is the view of UNDP management that the absence of any assessment in the evaluation as to how the global HDRs have helped to broaden thinking both about the analytical frontiers of human development and about larger aspects of human well-being and how they have been instrumental in shaping thinking on global developmental goals, including the Millennium Development Goals, represents not only a missed opportunity, but also a critical omission to assess the HDRs in one of their main roles, thought leadership.

Findings and conclusions

20. Management is encouraged by some of the report's findings concerning: (a) the use of the global HDRs in the public policy processes; (b) the contributions of global HDRs in bridging the concept and application of human development to development policy; (c) the recognition of some outstanding reports that contributed to public debate and policy processes; (d) the appreciation of the advocacy value of the HDI and the sustained interest in it by policymakers, media and academics, particularly at the national level; and (e) the

recognition that the index provided an alternate development measurement that would generate discussions on the human development dimensions of public policies and global benchmarking.

21. UNDP management also welcomes some of the evaluation's conclusions that: (a) for a quarter century, the global HDRs have made major contributions to shaping the global development debate, and more specifically, that the global HDRs have made an important contribution in bringing the concept of human development to mainstream development policy; (b) a strength of the reports is their power of repetition, producing continuous annual messages on human development using different themes; and (c) General Assembly resolution 57/264 of 20 December 2002 provided editorial discretion to the Human Development Report Office (HDRO), enabling an independent process in the preparation of the report. This is a significant measure to empower the HDRs to generate human development-oriented public debate.

22. UNDP management believes that some of the findings and the conclusions of the evaluation should be contextualized appropriately and be evidence-based. The absence of such contextualization – in terms of understanding the concept of human development and its measurements, the nature of the HDRs, the processes followed in their production and dissemination, the institutional relationship between HDRO and the rest of UNDP and in some cases the absence of concrete evidence – have unfortunately resulted in incorrect findings and conclusions, as is evident in the following examples:

(a) In the case of a report like the HDR, which is produced every year, it should not be expected that every report will be avant-garde or break new ground. Some reports will excite the world and some will not; that is the nature of the product. Some reports may speak to more thematically focused audiences. Because the report is targeted to diverse constituencies (policymakers, academics, researchers, development activists, media, civil society, etc.), the degree of use, 'shelf life' and relevance of a particular HDR will vary. Management does take note of the evaluation's finding that treating any theme with a distinct human development lens in terms of concepts, measurements and policy options results in a distinctive HDR;

(b) Any report like the HDR, which has been published for 25 years, has two phases in terms of advocacy. In the initial phase, when the HDR was 'the new kid on the block', advocacy efforts were targeted to public advocacy, i.e., raising public awareness. As time passed and the report became more mature and gained wider authority, the natural focus was more on policy advocacy, i.e., how to influence policy formulation. Therefore, it is quite natural that the first type of advocacy would be overtaken by the second over time. The same is true of the HDI; over time, it would be used through disaggregation more as a policy tool rather than merely as an advocacy instrument;

(c) Various composite indices in the HDRs have distinct purposes of assessing human development achievements from different perspectives and cannot be substituted for each other. They are complementary in order to allow an understanding of human development progress from a broader perspective. It is therefore incorrect to argue that too many indices weaken their usefulness for human development discourse and their significance for public policy processes;

(d) The HDI as a composite index can be useful in policy debate and policy options only when they are disaggregated on different planes, e.g., socioeconomic groups, ethnicity and race, the rural/urban divide, gender, etc. A failure to understand this fundamental issue results in asserting that the HDI does not always generate policy debate, or it diverts attention from development disparities and inequalities instead of highlighting them;

(e) UNDP strategies and programming are mandates of the strategic plan and are not supposed to be influenced by global HDRs, which are reports to UNDP;

(f) In terms of internet searches (para. 114 of the final evaluation report), Google trends (figure 6) or citations in papers (table 7, the evaluation credits the HDR well ahead of similar publications, particularly the World Development Report. This cannot be achieved without either effective dissemination of key messages or adequate promotion of the HDR by UNDP.

23. UNDP management fully agrees with the evaluation's conclusion that the global development environment has changed significantly since the HDR was first published 25 years ago, that there are many other global publications like the HDR and as such the HDR would have to be consistently distinctive to remain relevant.

Annex. Key recommendations and management response

Recommendations related to the global Human Development Reports

Recommendation 1: Given the positive reputation, the global HDRs have the potential to keep human development on the agenda of public debate and policy process. The time is ideal to re-launch the idea of human development much more strategically, and help UNDP regain the intellectual space in the global development discourse that it once commanded. It is also recommended to address factors causing damage to the reputation of the report and its contribution.				
Management response: UNDP welcomes this recommendation and agrees that the time has come to revisit the human development paradigm in terms of concepts and measurements to ensure the thought leadership of UNDP. UNDP will initiate discussions with leading scholars in this field and commission analytical papers on rethinking human development.				
Key action(s)	**Time frame**	**Responsible unit(s)**	**Tracking**	
			Comments	**Status**
1.1 Discussion with leading scholars on human development (e.g., Nobel Laureates Prof. Amartya Sen, Prof. Joe Stiglitz, Prof. James Meade) as well as other academics and researchers in various regions of the world	By September 2015	HDRO		
1.2 Proposing the theme of HDR 2016 (the 25th HDR) as 'Human Development Revisited: Concepts and Measurements'	By September 2015	HDRO		
1.3 Commissioning analytical papers and in-house research on rethinking human development	By December 2015	HDRO, Bureau for Policy and Programme Support (BPPS)		
1.4 Global Forum on Rethinking Human Development	By December 2015	HDRO, BPPS, Bureau for External Relations and Advocacy, regional bureaux,		
Recommendation 2: UNDP should revisit the purpose of human development indices and examine their value added to the messages of the reports. Given the computation and data issues, HDRO should not proliferate the report with composite indices which have limited value.				
Management response: UNDP management acknowledges that the robustness, relevance and value added of different composite indices need to be reexamined. UNDP will address this through discussions with renowned experts in this field.				
2.1 Brainstorming with experts and statisticians and in-house discussions in the context of various regions	By September 2015	HDRO		
2.2 Roundtable on gender-related composite indices with academics, researchers and experts	By September 2015	HDRO, BPPS		
2.3 Active engagements with the *Data Revolution* initiative	By September 2015	HDRO		

Recommendation 3: There have been efforts by the HDRO in the past years to address various criticisms related to methodology of the HDI, and there have been revisions to the index. While such efforts are important, they are not sufficient to address the fundamental limitations of the index. To be able to achieve greater policy and analytical influence, consider reconstructing the HDI following a thorough review.				
Management response: UNDP management appreciates the recognition of past efforts, and recognizes the need for a review and revision of the HDI to reflect the changed realities of the development scenarios of the world. A review paper will be commissioned on the HDI and will be discussed at the Global Forum on Rethinking Human Development.				
3.1 A review paper on the HDI by an eminent human development thinker with strong quantitative skills	By November 2015	HDRO		
3.2 Global Forum on Rethinking Human Development	By December 2015			
3.3 Analytical paper on HDI with new realities	By June 2016			
Recommendation 4: UNDP should take adequate measures to enhance the influence of the global HDRs on public policy process. The role of UNDP programme units is extremely important in achieving this.				
Management response: UNDP management takes note of the recommendation and will undertake specific efforts to promote and disseminate key messages of the global HDRs.				
4.1 Ensure extensive consultation between senior management of UNDP country offices and HDRO throughout the process of preparation of HDRs.	Continuously	Regional bureaux		
4.2 Following completion of each HDR, develop and disseminate corporate policy brief on the key messages that the various programme units should pursue.	Continuously	Regional Bureaux, BPPS		
4.3 Provide advisory support to UNDP country offices in launching the global HDRs and exploring innovative processes to disseminate key messages.	Continuously	Regional bureaux, BPPS, HDRO		
Recommendation 5: The management of the global HDRs needs to be adequately strengthened to provide a stable environment for report preparation and to enhance the reputation of the reports.				
Management response: UNDP management takes note of the need for strengthened management of the HDR processes, and confirms that the organizational structure of HDRO has been streamlined and simplified with clear scope of work and accountability framework, and the HDRO management team has been newly established with clear roles and responsibilities: • A new Director with expertise in human development, historical substantive engagements with nine HDRs and institutional memory has been appointed (appointment was made in September 2014); • A team leader with substantive analytical capabilities and extensive management experience has been recruited (recruitment took place in December 2014); • The HDRO management team has been strengthened with clear responsibilities, mutually synergetic tasks and complementary roles for the Director and Deputy Director (these actions were completed in October 2014); • The organization structure of HDRO has been streamlined and simplified with clear scope of work and accountability framework (the structure				

was streamlined in December 2014).				
No action required				

Recommendations related to the regional Human Development Reports

Recommendation 1: UNDP should revisit the purpose of the regional HDRs and explore options to strengthen the contribution of the reports. The regional HDRs should not publish thematic reports unless there is something significant to talk about. It is imperative that the reports have a strong human development perspective.				
Management response: UNDP management concurs with the recommendation to revisit the overall purpose of the regional HDRs and consider the options for strengthening their contributions. UNDP management agrees that the thematic focus of regional HDRs should be driven by demand and supported by the process of consultations on the themes for greater use and impact. Regional priorities often differ from global priorities. Experience to date confirms that thematic regional HDRs served to stimulate discourse and inform policy and programming at national, regional and continental levels. These reports consistently had been framed around thematic areas pertinent to regional dialogues and firmly anchored in a human development perspective. The themes for the regional HDRs were chosen based on country-level consultations. The regional HDRs were used as an analytical and advocacy tool to promote the human development agenda as part of the Regional Programme, consistent with the priorities expressed in the strategic plan. Moreover, the human development lens and impartiality of the reports have been effectively used by UNDP to raise highly sensitive matters that few other credible policy actors were able to raise. These reports effectively focused on significant and distinctive cross-boundary and regional issues, highlighting the need for the regional public goods to address these issues, and serving as a convening power around issues of common concern. Regional HDRs aimed to enhance the development debate and actions to prioritize eradication of poverty, inequality, and exclusion. The proposed themes will be carefully selected based on regional needs to enhance the contribution of these reports while ensuring a strong human development perspective in the analysis. Building on the lessons learned from previous evaluations, experience from the previous report and feedback from stakeholders, the process for developing the regional HDRs will be further enhanced.				
Key action(s)	**Time frame**	**Responsible unit(s)**	**Tracking**	
			Comments	**Status**
1.1 Ensure that standardized processes are implemented by UNDP in conducting systemic and inclusive consultations on the relevance and significance of the themes of the regional HDRs.	Continuously	Regional bureaux		
1.2 Robust communication and outreach plan implemented to engage various stakeholders in the development of the report and monitor its use.	Continuously	Regional bureaux		
Recommendation 2: The subregional scope of the regional HDRs proved to be a useful approach both to cover issues that are specific to a few countries or subregion and also provide in-depth analysis. This approach should be thought through and adequately strategized for a greater impact of regional HDRs.				
Management response: UNDP management concurs with the recommendation and underscores that a measure of subregional analysis is an important way to enhance relevance. UNDP has consistently framed a good deal of analysis around subregional groupings, which has helped to solidify relevance and uncover key points of regional development diversity. Several ongoing subregional initiatives covering the Sahel, Horn of Africa and the Great Lakes will capitalize on these opportunities to produce specific analysis without subsuming the regional nature of the HDR and its intended audience.				
2.1 Whenever appropriate and feasible, regional	Continuously	Regional bureaux		

Human Development Reports will be supplemented by in-depth subregional-level analysis				
Recommendation 3: UNDP should take adequate measures to enhance the influence of regional HDRs on regional and national policy processes.				
Management response: UNDP management agrees with the recommendation that confirms the central objective of regional HDRs to enhance their influence on regional and national policy. UNDP has consistently complemented regional launches with national launches and/or policy workshops intended to bring together key national stakeholders to unpack the regional analysis and develop policy insights tailored to the national level. UNDP will continue to do so and scale up relevant best practices as needed. For example, to enhance the impact of regional HDRs at the national level, operational programme guidance notes were prepared for country offices for operationalizing HDR recommendations (e.g., by Regional Bureau for Asia and the Pacific immediately after the launch of two most recent regional HDRs in that region). Concrete measures and initiatives include establishment of regional gender and climate change fund (immediately after the launch of regional HDRs on these themes in the Asia-Pacific region) to operationalize HDRs recommendations. Before and after preparation of HDRs, the regional bureaux organized multi-stakeholder consultations and policy symposiums, and provided financial support to country offices for translating HDRs into local languages and for launching HDRs at the national level. In response to the evaluation's findings and recommendations, the regional bureaux will further review and improve the current process of conceptualizing, preparing and following up the regional HDRs, building on its strong representation in the region including the regional service centres and network of advisors, in the context of further enhancing the influence on regional and national policy processes and UNDP programming.				
3.1 Design and implement an outreach strategy that engages country offices and regional service centres in dissemination and follow up of impact of the HDRs.	By December 2015	Regional bureaux, BPPS		

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Evaluation of the role of UNDP in supporting national achievement of the Millennium Development Goals

Executive summary

Contents

Chapter		*Page*
I.	Introduction	2
II.	Findings on specific roles and products	3
	Campaigning	3
	Monitoring and reporting	3
	Millennium Development Goal planning at national and subnational levels	4
	Millennium Development Goal Acceleration Framework	5
III.	Findings by evaluation criteria	6
	Relevance	6
	Efficiency	6
	Partnerships	7
	Effectiveness	7
IV.	Conclusions	8
V.	Recommendations	10

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I. Introduction

1. The United Nations Millennium Declaration, adopted in 2000, and associated Millennium Development Goals constitute an internationally agreed set of quantifiable and time-bound goals to advance human development at the national and global levels. The Goals have shaped the UNDP programming framework to a considerable extent since 2000. Monitoring progress against their targets at national and regional levels through periodic reports has been a constant area of work over the period. In other areas of work, the extent of UNDP engagement has evolved over time. While the organization was initially focused on raising awareness and ensuring stakeholder buy-in for the Goals through a series of campaigns, after 2005 its focus moved to supporting the incorporation and mainstreaming of the Goals in national development strategies, including through estimating the cost of achieving them in specific countries, preparing macroeconomic frameworks that were consistent with the Goals or aligning poverty reduction strategies (PRSs) with them. Since 2010, UNDP has concentrated on directly supporting specific countries to close gaps in meeting particular Goals through the Millennium Development Goals Acceleration Framework (MAF).

2. At its second regular session of 2013, the Executive Board agreed that the Independent Evaluation Office (IEO) would carry out a thematic evaluation of the "role of UNDP in supporting national achievement of the Millennium Development Goals". The Board noted the high strategic importance of the Goals and the potential to extract lessons learned for the post-2015 global development agenda. The evaluation was carried out within the overall provisions of the UNDP Evaluation Policy.

3. The specific objectives of the evaluation are: (a) to assess the roles played and results achieved by UNDP in support of the achievement of the Millennium Development Goals; (b) to identify the factors that have affected the contribution and performance of UNDP in supporting the achievement of the Goals: strengths and weaknesses, threats and opportunities, which decisions, strategies and approaches have worked and which ones have not; and (c) based on the above, to provide strategic recommendations for fine tuning the institutional strategy of support to the post-2015 agenda.

4. The following 'roles' or aspects of UNDP work are covered by this evaluation:

(a) Millennium Development Goal 'champion' (Millennium Campaign and other advocacy and influencing efforts);

(b) Millennium Development Goal 'scorekeeper': country and regional Millennium Development Goal reports (MDGRs), the 'MDG Monitor' website and support to the MDG Gap Task Force;

(c) Technical assistance and policy support to develop and scale up Goal-based development strategies and plans at the national, subnational and sector levels, including the MAF;

(d) UNDP mechanisms to prioritize the Millennium Development Goals (trust funds, regional initiatives, implementation and monitoring and other institutional mechanisms, including the joint Republic of Korea-UNDP MDG Trust Fund);

(e) Relevant country programmes and projects in support of efforts to monitor and achieve the full set of Millennium Development Goals.

5. The evaluation looked at the support provided by UNDP to the Millennium Development Goal agenda as a whole. Therefore, activities in support of one particular Goal or sector (e.g., environment projects such as the MDG Carbon Facility) were excluded from the scope. As a result, the present evaluation may underevaluate the UNDP contribution to achievement of the Goals at the country level. Including sectoral

projects within the evaluation scope would have amounted to evaluating almost everything that UNDP does.

6. The evaluation focused on both the upstream level, attempting to measure the impact of policy advice, advocacy, awareness-raising and monitoring of progress, and on the downstream level by reviewing localization of the Goals at the subnational level. Likewise, some of the initiatives supported by the MAF and by the Republic of Korea-UNDP MDG Trust Fund focus on the upstream level, while others support subnational processes. The evaluation scope does not include the Millennium Villages as it was thought their assessment would require greater resources and time than were available. However, it occasionally drew on the findings of IEO-led assessments of development results (ADRs) on the Millennium Villages, when reviewing the overall strategic positioning of UNDP.

7. The evaluation relied on multiple data collection tools for analysis, validation and triangulation of evidence against the evaluation questions, including: semi-structured interviews with key informants; 11 country case studies for in-depth information on outcomes at the country level; a synthesis of evidence from prior ADRs and global, regional and outcome evaluations; a meta-analysis of 70 UNDP country programmes covered by a recent ADR or by one of the 11 country case studies commissioned as part of the present evaluation; a desk review of national development strategies (NDS) in 50 countries; a questionnaire survey targeted at UNDP staff and consultants; and a critical analysis of the guidance notes issued by UNDP headquarters on the Goals.

II. Findings on specific roles and products

Campaigning

8. Campaigning was most relevant in societies with a vibrant civil society. Through varied channels, i.e., the United Nations Millennium Campaign combined with country offices' own campaigning efforts and country MDGRs, UNDP has effectively ensured that the Goals were kept at the centre of the global, and in some cases national, development debate. However, the Millennium Campaign itself was targeted at a small number of countries. Its geographic coverage was therefore quite narrow and did not tap into the strong campaigning energy that appeared to have existed behind the Goals in Latin America. Among the Millennium Campaign's global initiatives, the Stand Up and Take Action against Poverty campaign had a large outreach to raise awareness of the Goals but lacked a clear link to policy outcomes.

Monitoring and reporting

9. The country MDGRs, which UNDP supported in all programme countries, were relevant in most settings as reminders of governmental commitments and by providing a clear measure of progress. An estimated 450 reports were produced worldwide over the evaluated period.

10. Country MDGRs played an important role in promoting the Goals, assessing progress towards them, contributing to a national debate on development and at times highlighting a development issue that had tended previously to be ignored or not monitored. They were regularly picked up by the media, in which they tended to be viewed as 'safe' to discuss, quotable and carrying legitimacy. The reports have also been used to inform development planning.

11. The general quality of the reports has improved over time, as evidenced by the country case studies conducted for this evaluation, but many gaps remain in the data and there are significant issues in terms of the quality of the data. Initially, the reports used a scorecard format but gradually became more academic and lengthy. This tendency may

at times have gone beyond what should be required of a MDGR. Some countries have produced MDGRs almost on an annual basis, and more frequently than new relevant data was being made available through periodic surveys and censuses.

12. The UNDP contribution to Millennium Development Goal reporting at the regional and global levels was more modest than at the country level, but nevertheless was found to be appropriate and useful.

13. The broader support of UNDP for collection and analysis of data on development is relevant when it helps to fill a gap in development monitoring, and also in cases where data exist at the level of line ministries but are not well centralized by one central statistical office. UNDP support to statistical capacity and the MDGRs has led to improvements in the quality of Goal-related data and contributed to a more data-friendly environment. However, development data remain rare, scattered, costly to collect and politically sensitive. Much remains to be done, especially if the new sustainable development goal (SDG) targets are to be monitored transparently after 2015.

Millennium Development Goal planning at national and subnational levels

14. Support to planning and costing was most relevant in countries with a strong planning culture and apparatus. Planning at the subnational level was more relevant in middle-income countries with lagging geographical pockets and also in countries with a strong decentralization policy.

15. The evaluation estimates that over 80 per cent of UNDP programme countries have adopted a subset or the totality of the Millennium Development Goals in one or more of their development plans. The Goals have been used in national development policies and plans in different ways: as general, consensual objectives; as planned and monitored targets; or purely as a quote or reference. 'Referential use' of the Goals in plans and strategies, while initially frequent, tended to give way over time to more 'programmatic use' of the targets as planning and monitoring devices. However, not all Goals were equally likely to be included in national development strategies, with gender equality targets beyond primary education being the least used.

16. A detailed meta-analysis of 70 UNDP country programmes covered by a recent ADR or by one of the 11 country case studies commissioned as part of the present evaluation indicates that UNDP supported the integration of the Goals in national development strategies in 42 countries (60 per cent of 70 sampled programme countries), out of which the support led to some implementation at national and/or subnational levels in 22 countries (i.e., approximately half of the 42 countries in which UNDP provided support). This is lower than the target set in the relevant UNDP project document (which envisaged that "three-fourths of the support provided has been operationalized").*

17. In the same meta-analysis, UNDP was found to have supported a subnational planning process aligned to the Goals in at least 28 of 70 sampled countries, which suggests that UNDP supported such subnational planning in approximatively 40 per cent of its programme countries. However, the support led to clear follow-up and implementation of the designed subnational plans in only six (or approximately one in five) of these 28 countries.

18. Subnational plans that were aligned with the Millennium Development Goals thanks to UNDP support tended to remain unfunded in poor countries that are dependent on official development assistance (ODA) but were often well-endowed in middle-income countries that funded them out of their national budgets.

* Project document entitled 'The MDG Support Project for MDG-Based National Development Strategies, United Nations Development Programme, Bureau for Development Policy', 2006.

19. Depending on the country, reasons for non-implementation of the drafted plans appeared to include a wide variety of contextual factors such as eruption of crisis, lack of sustained political will over the long term, poor financing and relations with donors, corruption and lack of a strong planning culture. The first reason listed above, eruption of crisis, concerns half of the countries in the sample that had no or weak follow-up to their national Millennium Development Goal planning.

20. However, the non-implementation of Millennium Development Goal-based plans was compounded by factors within the control of UNDP. On a number of occasions, UNDP supported planning processes without taking into sufficient consideration the means of implementation that could realistically be made available. One case in point is the Millennium Development Goal planning exercises at the subnational level undertaken by UNDP in 2004-2006 in many countries with the help of the United Nations Volunteers programme, which were not linked to any clear funding prospect or mechanism and resulted in raising expectations that could not be met. Plans to cooperate with the United Nations Capital Development Fund (UNCDF) on a more ambitious programme of support to local governments did not materialize. In the decentralized planning area, there was apparently more fruitful collaboration with the ART Global Initiative–Articulation of Territorial and Thematic Cooperation Networks for Human Development, notably in Latin America.

21. Some of the reviewed subnational initiatives may have implicitly buttressed a peace consolidation agenda by shoring up service delivery, and thus the presence of the State, in regions with a history of insurgency against the State that are now engaged in a negotiated peace process. Poor and deprived regions often coincide with instable, insecure, hard-to-reach areas, and therefore it should not come as a surprise if some support projects at the subnational level focus on areas that are to one degree or another remote, marginal or insecure.

Millennium Development Goal Acceleration Framework

22. The MAF, developed by UNDP during preparations to the 2010 United Nations Summit on the Millennium Development Goals (20-22 September 2010) and endorsed by the United Nations Development Group in December 2010, is potentially relevant anywhere. Using the results-based management feature of the Goals, it can help any country to identify lagging indicators and bottlenecks to achieving the Goals, and has already been used in a 'Millennium Development Goals+' context (i.e., countries where the targets were made more ambitious than the globally agreed ones). To date, 59 programme countries have initiated a MAF. However, UNDP is not the only United Nations organization to have developed such a tool. The United Nations Children's Fund (UNICEF) and World Health Organization in particular have developed similar diagnostic tools, notably on maternal health, a lagging area in many countries. These other tools are sectoral in nature, while the comparative value of the MAF lies in its balancing of cross-sectoral and sectoral actions, focusing the fragmented efforts and resources of various actors and potentially engaging the entire United Nation country team (UNCT). In practice however, the MAF was often perceived as a UNDP-driven product and process.

23. In a few middle-income countries with a decentralized governance policy, MAFs were widely replicated with national resources. However, in low-income countries, the funding upon which the utility of the MAF is contingent was often slow to materialize. The United Nations System Chief Executives Board for Coordination (CEB) provided an effective forum to showcase the MAF process as applied in varied countries and to mobilize support from the United Nations and the World Bank to the concerned action plans.

III. Findings by evaluation criteria

Relevance

24. The relevance of the work of UNDP related to the Millennium Development Goals depended upon the relevance of the Goals themselves to a country's development context. The Goals call for the fulfilment of the most basic human needs. Middle-income countries that have already achieved most of the targets at the national level have tended to consider them most relevant when applied at the local level, to highlight areas of deprivation. Thus, there was initially more interest in the Goals in Africa and Asia and the Pacific than in the Arab States, Europe and the Commonwealth of Independent States and the Latin America and Caribbean regions. Competing agendas and priorities influenced relevance in certain countries, such as in small island developing states or countries experiencing crises.

25. The country level was of obvious significance in operationalizing the Millennium Development Goals. Country programmes accounted for about 80 per cent of the estimated $1.3 billion UNDP spent on initiatives under the scope of the present evaluation, to help Governments translate the Goals into pro-poor strategies, policies and programmes. UNDP country leadership proved to be a major factor affecting performance at the national level.

26. The UNDP structure of regional bureaux and country offices helped to enhance the relevance of UNDP support by adapting the organization's offer of services and products to the diverse contexts in which it works. However, at times the vigorous roll-out by UNDP of a variety of tools led to some being tried in contexts where they had limited relevance. Each tool had its own domain of relevance depending on the characteristics of each country.

Efficiency

27. Overall, the various areas of the UNDP Millennium Development Goals programme were found to be well designed, coherent and mutually reinforcing (e.g., the MDGRs feeding into campaigning and programming). One problematic exception to this coherent offer of services concerns the various trust funds set up by UNDP to finance related activities, which were often disconnected from the mainstay of UNDP work related to the Goals. Admittedly, the more recent funds are better connected, such as the joint Republic of Korea-UNDP MDG Trust Fund. Its governance mechanism enables the funded projects to be aligned with the overall UNDP Millennium Development Goals programmes in country and globally. Some earlier funds and initiatives, including the Millennium Campaign or the Millennium Villages, were set up and operated at arm's length from the regular UNDP structure, without a clear demonstrated advantage.

28. UNDP was able to quickly push its Millennium Development Goals programmes and tools down to the country level through its country office network, but was less efficient in learning from the experiences of its country offices and national partners. There were intermittent attempts at capturing lessons, often in preparation of major global or regional conferences, but the present evaluation did not find much in terms of systematic monitoring of outputs, let alone of successes and failures at the outcome level. For instance, the website listing all MDGRs was found to be incomplete. The data from the national MDGRs was never compiled in a central database. A website created in 2007 by UNDP in partnership with the Department of Economic and Social Affairs, UNICEF and Relief Web to be "a one-stop-shop for information on progress towards the MDGs, globally and at the country level" called the 'MDG Monitor' was never updated after the initial launch. This finding about the lack of systematic central monitoring of country-level processes echoes a recent performance audit of UNDP monitoring practices (Office of Audit and Investigations Report No. 1397, February 2015).

Partnerships

29. UNDP played a largely facilitative role in supporting national planning, but the determining factor was in all cases the concerned Government's pre-existing social development and anti-poverty priorities, and how well these priorities resonated with the Millennium Development Goals. Moreover, a lack of domestic and/or external funding evidently imposes limits on the extent to which national partners can implement Goal-based plans. The staff survey conducted for this evaluation confirms this diagnostic. Most respondents (85 per cent) selected high national ownership or commitment to the Goals as positively influencing the effectiveness of UNDP, followed by the availability of national resources (73 per cent).

30. In cases where domestic resources were lacking, the capacity of UNDP to reach out to donors was of critical importance. In this context, the need for the United Nations system to closely work with Bretton Woods institutions, notably the World Bank, was confirmed by the evaluation's finding at the country level and at headquarters with the CEB reviews of the MAF.

31. The UNDP relation with the specialized agencies were both strengthened and tested by the Millennium Development Goals. The Goals helped the United Nations and UNDP to recapture some of the policy space previously lost to structural adjustment and a growth-centric view of development. However, the holistic, cross-sectoral nature of the Goals imply a tension with the sectoral agendas of specialized agencies, which often considered the Goals as too simplistic. The involvement of other United Nations agencies in the preparation of country MDGRs and MAFs was useful as peer review of the MDGRs and to ensure that MAF action plans brought together stand-alone activities and benefited from sound technical inputs, although this involvement of other agencies was often found to be weaker than recommended in the relevant guideline documents.

32. Efforts to support Millennium Development Goal planning at the subnational level suffered from a weak partnership with UNCDF. The MAF filled this gap to some extent by shaping resource allocation, particularly in States with significant domestic resources, with modest UNDP technical assistance.

33. UNDP partnered well with civil society organizations (CSOs) in democratic, open societies. Not too surprisingly, the engagement with CSOs was often perfunctory in less open political contexts. Relations with the media and the private sector were found to be minimal.

Effectiveness

34. UNDP had a positive normative influence on development policy by helping to conceptualize the Millennium Development Goals at their onset, by mobilizing support behind them, and through its global strategy for their implementation. This established a wide consensus and a common basis on which to work. Together with the work of the World Bank, the thought leadership of UNDP and the United Nations Millennium Project helped to make the case for a significant increase in ODA in countries that can absorb it.

35. UNDP helped to align a generation of national plans and development strategies with the Millennium Development Goals, including numerous PRSs, some of which led to debt relief and/or additional funding from donors. Over and beyond PRSs, Millennium Development Goal-based national planning has been attempted in many countries but did not systematically translate into significant implementation. The evaluation identified several internal and external factors that seem to determine the utility and ultimate impact of UNDP work in this area. National ownership of the agenda, political commitment and stability are paramount. In some countries, the eruption of natural, political or economic crises rendered the Millennium Development

Goal agenda obsolete or secondary in comparison with immediate national priorities, and imposed a strong cost on achievement of the Goals and other social outcomes.

36. UNDP supported a wide range of Governments in monitoring the Goals at the national and subnational levels. As a result, even in countries where national partners did not conduct any form of Goal-based planning, work by UNDP to monitor the Goals often had a positive impact on the national capacity to collect and generate data on development outcomes.

37. The Millennium Development Goals themselves are generally seen as a success. They have improved the targeting and flow of aid and other investments, and presided over an era of increase in ODA levels. Their degree of achievement has been uneven, with persistently large inequalities between and within nations. Increased donor commitments to health and education were recorded after 2000. However, it is difficult to establish a cause-and-effect relationship since several independent initiatives in health and education have occurred before or in parallel with the Goals that have overlapping objectives. In particular, it is intrinsically difficult to distinguish the impact of the Millennium Development Goal framework from the impact of the strands of thinking that helped create the Goals in the first place (e.g., the '20/20 Initiative' that stemmed from the 1995 World Summit for Social Development, or Education For All). The Millennium Development Goals might best be viewed as reinforcing rather than driving the targeting of resources.

38. However, the Goals sometimes lent themselves to a 'drive for numbers' at the expense of quality, and to an excessive preoccupation with readily measurable outcomes at the expense of areas that are harder to measure. The Goals may have resulted in a lower quality of social services in some countries when they expanded rapidly during the period, notably in primary education. A related concern is that the particular focus of the Millennium Development Goals on certain diseases has led to the emergence of strongly-focused global funding initiatives for specific health measures and diseases (e.g., the Global Fund to Fight AIDS, Tuberculosis and Malaria), which de-emphasized systemic support to health systems and capabilities. From this point of view, the Millennium Development Goal framework may have encouraged a focus on 'quick gains' and immediate health priorities at the expense of strengthening the competence of public health institutions to tackle new, emerging health threats, such as the current Ebola crisis in West Africa.

IV. Conclusions

39. **Conclusion 1: The basic concept of the Millennium Development Goals as well as the strategy and tools for United Nations support envisaged at the onset of the period by former Secretary-General Kofi Annan, his office and the UNDP leadership have been largely validated by experience, as evidenced by the wide adoption of the Goals in national plans; the contribution of monitoring to maintaining interest; or the higher degree of collaboration observed at the global and country levels between United Nations agencies and international financial institutions.**

40. The fact that many countries, groups and individuals were keen to take part in the conversation about the post-2015 set of goals and targets that will succeed the Millennium Development Goals is a tribute to the value of the Goals themselves. There is wide agreement among development actors that there is a need for a global development agenda such as the Millennium Development Goals, and therefore that the Goals cannot be allowed to expire without being replaced by a new framework.

41. **Conclusion 2: UNDP has designed and rolled out an impressive set of diverse and complementary tools in support of Millennium Development Goal planning, monitoring and implementation. Generally speaking, the guidelines and products reviewed were of high quality and well timed. As can be expected, implementation in the field varied greatly in scope and quality.**

42. Maintaining commitment to the Millennium Development Goals agenda throughout the period proved a challenge. Within UNDP, the momentum was slow to build with the initial four to five years of the 'MDG era' essentially devoted to campaigning and research. Momentum has also slowed somewhat in the last several years with the combined effects of the preparation for post-2015 discussions and the institutional restructuring of UNDP.

43. **Conclusion 3: The successful implementation of the Millennium Development Goals required consensus and collaboration among all development actors, including among United Nations agencies. However, in its support for the Goals at country level, UNDP could have used the expertise of the specialized agencies to a greater extent. Their limited involvement emerged as a weakness in the preparation of national MDGRs, in the elaboration of the MAF and in efforts to localize the Goals.**

44. Working with others evidently takes more time, is more complex and can be more frustrating than working alone. Yet the Millennium Development Goals were conceived as a United Nations-wide project and their successful implementation requires consensus and collaboration among development stakeholders, including United Nations agencies.

45. **Conclusion 4: UNDP has often failed to translate its support into tangible development programmes and funding streams. More than half of the reviewed planning initiatives related to the Millennium Development Goals at the national or local levels remained unfunded at the time of the evaluation. Something is amiss when there is excessive attention to planning at the expense of thinking through means of implementation in a realistic manner.**

46. Planning without taking into account means of implementation is poor planning at best, and at worst amounts to tokenism. Such tokenistic Goal-related planning potentially undermined the credibility of the Millennium Development Goal agenda, and locally it raised expectations of financial assistance which UNDP was unable to fulfil.

47. UNDP depends on its partnership with Governments and donors to translate any international agenda into reality at the local level. Making this partnership work in a realistic manner was the key to success during the Millennium Development Goal era. The increased collaboration between the World Bank and the United Nations in country and at the level of the CEB augurs well for the new agenda. Partnerships with the private sector, which were weak during the Goals' era, will now be essential for success.

48. **Conclusion 5: Where and when resources were available and used judiciously, some countries' drive to implement the Millennium Development Goal agenda through ambitious policies translated into a significant expansion of social services at field level, proving that aligning national development strategies with the Goals can contribute to their achievement even in the poorest countries. These successes led to further challenges, such as a deterioration in the quality of education outcomes that was clearly linked in some countries to a rapid expansion in primary school coverage.**

49. Beyond mere access, cost and quality of service are shaping up as major issues. Historically, service outreach efforts have naturally tended to focus on the easiest communities to access, and expanding coverage therefore leads to rising marginal costs

to reach additional citizens (the 'last mile' problem). Similarly, rapid expansion of services has been associated with a deterioration in the quality of service in some countries. Educational outcomes in particular have declined in a number of countries reviewed in this evaluation as a direct result of efforts to provide universal primary education.

50. **Conclusion 6: UNDP is well positioned to approach the post-2015 era and help countries achieve the SDGs, but the emerging post-2015 agenda is significantly more comprehensive and complex than the Millennium Development Goal targets, and it will undoubtedly test the capacity of the United Nations to 'deliver as one'. Approaches similar to the MAF and national adaptation of the Goals will be increasingly required during the SDG era, in order to translate the all-encompassing SDG agenda into strong priorities at the local level.**

51. While the post-2015 agenda still needs to be negotiated, agreed to by Governments and adopted by the General Assembly, enough is currently known to draw some conclusions. The SDG agenda will be much broader in terms of what is included, which will cover the unfinished basic human needs goals of the Millennium Development Goals but also other dimensions of a broader sustainable development agenda (e.g., inequality, inclusive economic growth, urbanization, ecological sustainability), as well as the governance agenda (e.g., human rights, access to justice and rule of law, peace and conflict). This means a much longer list of goals, targets and indicators. In theory, a larger number of countries will find elements of the agenda relevant to their development needs, but to translate the lengthier SDG agenda into clear pro-poor outcomes at the country level will represent a serious challenge, requiring a quantum leap in terms of statistical capacity and costs, and thus a greater sense of focus than was called for by the Millennium Development Goals.

52. In addition, monitoring of human rights and governance is fundamentally more political and requires a greater independence from Governments than the monitoring of basic needs like access to water, health and education. As such, monitoring the SDGs will test the neutrality of the United Nations system.

53. As for UNDP, the SDGs will better anchor its work on governance and resilience in the global development agenda. UNDP will also be well placed to continue supporting national and local authorities and advance the post-2015 agenda on the basis of its experience with the Millennium Development Goals, mandate and traditional comparative advantages in terms of its field presence, trust of Governments, convening power, neutrality and coordination role. The set of tools that UNDP has supported at the country level – to monitor, report, plan, budget and programme about the Millennium Development Goals – will remain broadly relevant after 2015 when applied to the SDGs.

V. Recommendations

54. **Recommendation 1: UNDP should organize a last round of Millennium Development Goal country reports (end-line reports) in 2016-2017 to measure progress over the entire period covered by the Goals, establish baselines for the SDG era and identify lessons learned and good practices. This will allow UNDP to establish programmes on a strong empirical basis about what forms of support worked during the 'MDG era' and what did not. UNDP should continue support to the 'unfinished Goals' even after 2015, by helping focus development efforts on the poorest countries as well as pockets of deprivation within middle- and high-income countries.**

55. The post-2015 agenda will widen the horizon, from the almost single-minded focus on poverty which was the defining characteristic of the Millennium Development Goals, to a much richer agenda that hopefully will still include the eradication of extreme poverty along with many other goals. There is a risk that the fight against poverty, whether in low- or middle-income countries, will be de-emphasized by Governments and development partners. UNDP must ensure that due attention and resources remain targeted to the poorest countries, and within a country to the poorest regions and households, even after 2015.

56. **Recommendation 2: UNDP should continue to provide Member States and organizations with guidance and thought leadership at the level of the entire SDG agenda on how to translate the post-2015 agenda at the national and subnational levels by establishing clear local priorities, while maintaining some degree of comprehensiveness and coherence with the global agenda.**

57. The present sectoral activities of UNDP in good governance, crisis and recovery, environment and poverty are well covered in the emerging post-2015 development agenda. UNDP could therefore opt to support only those specific SDGs that match its mandate and sectoral work, as specialized United Nations agencies probably will do. Over and beyond such sectoral contributions, the experience of UNDP in cross-sectoral work and its United Nations coordination mandate make a strong case for UNDP also to provide Member States and other organizations some guidance and thought leadership at the level of the entire SDG agenda, as it did for the Millennium Development Goals.

58. Given the likely long 'menu' of future SDG targets and indicators, there is a risk that some countries may pick and choose a few SDGs reflecting their core national areas of interest, and drop the rest of the agenda. While recognizing the need for local adaptation and the responsibility of developing nations to set their own development agendas, UNDP can help maintain some coherence to the SDGs as a whole by researching and raising awareness about the links between different goals. In this capacity, UNDP thought leadership work potentially will provide added value, highlighting the trade-offs that are inherent to the concept of sustainable development and proposing pragmatic ways to negotiate these trade-offs between the different goals, using a 'whole of government' approach.

59. **Recommendation 3: While the post-2015 global agenda presents new challenges, the roles UNDP played during the Millennium Development Goal era will remain useful and should be carried forward and enhanced for greater effectiveness, as follows:**

(a) **Coordination**: A greater level of coordination among United Nations agencies and a more active engagement on behalf of UNCT members will be required to effectively support the highly technical SDG agenda. At the global level, the CEB should continue to review the implementation of the approved MAF action plans, as well as that of SDG plans and progress at the country level through a 'MAF successor' that would help prioritize areas of the SDGs;

(b) **Campaigning**: A continuation of the Millennium Campaign will be necessary to promote an understanding of the SDGs worldwide, but with a better connection with UNDP regional bureaux and country offices to ensure a wider geographical coverage of the campaign. In spite of the participatory process through which the new goals were developed, the final collective global agreement will be somewhat different from what any individual country, institution or person wanted. With the core of SDGs defined, the time has come for the United Nations system to work collectively on a 're-education programme' to ensure that the new targets and indicators defined at the global level are understood in the country context. This should involve an orientation of senior UNDP leadership (resident representatives/country directors/deputy resident representatives) on what the SDGs are and what their role will be;

(c) **Scorekeeping**: UNDP should continue its coordinating role in country-level reporting and monitoring against the SDGs, and continue to invest in the quality of the data, in particular through more prolonged and in-depth technical engagement with the UNCT and the World Bank during report preparation. The SDGs will use much more comprehensive data sets, requiring a quantum leap in statistical capacity. UNDP will do well to maintain its current focus of coordinating the production of reports at the country level, drawing on its clear comparative advantage at this level, on the capacities already built and on the technical expertise of specialized agencies. It might also wish to consider a stronger role of the World Bank in the production of the SDG reports, so as to bring to bear its greater capacity to produce, manage and interpret economic data. Each SDG report should include a transparent discussion of the quality and limitations of the data;

(d) **MAF**: As a matter of urgency, a new tool for bottleneck analysis will need to be developed with broad participation from United Nations agencies and the World Bank in order to sharpen the SDG focus at the national or subnational levels. The post-2015 development agenda is meant to be universally applicable to all countries while taking into account different national realities, capacities and levels of development. Local customization of goals and targets may therefore happen at a much broader scale than was the case for the Millennium Development Goals. A new tool will be necessary, developed and piloted as a joint United Nations effort, to make it more receptive to innovative thinking and to learn from similar tools developed by specialized agencies. Reaching a sharper focus at the country level is also the vocation of the common country assessment, which could use some MAF-inspired analysis techniques;

(e) **Policy and planning**: UNDP must train its eye on the real goal: a change in the lives of the poor. While it should continue to help align national development plans with international goals (cf. recommendation 4 below), it should also work on financing and delivery mechanisms with a view to bring lofty strategies down to earth and deliver real services to real people. UNDP will also have to rely more on its core comparative advantage in the area of sustainable human development, since even within UNDP, many policymakers think of sustainable development as environmental management. Significant work will be required for them to understand the economic, social and ecological balancing required and what this means for policy and planning;

(f) **Initiatives at the decentralized level**: SDG monitoring and planning at the subnational level will remain important, especially in the light of leaving nobody behind and addressing themes of social exclusion and inequality. UNDP and UNCDF should iron out their differences and combine their efforts in a more proactive way, recognizing that UNCDF brings its unique capacity and expertise on decentralization, while UNDP has better access to Governments and donors at the upstream policy level. A continuation of the ART-Global Initiative beyond its scheduled termination at the end of 2015 would also appear desirable, in view of the fact that UNCDF can invest only in least developed countries.

60. **Recommendation 4: UNDP support to countries and local governments in tailoring, planning, and implementing the SDGs at the national and local levels should take into systematic consideration key local factors known to influence the effectiveness of goal-based development planning, so as to focus assistance on countries and regions with good prospects for implementing their SDG-based plans and policies.**

61. The capacity of UNDP to customize and adapt its products and services to the needs of specific countries is an important strength that will need to be further enhanced to develop a context-driven SDG support programme. This evaluation has found a series of factors that have negatively affected the likelihood of countries to implement their Millennium Development Goal-aligned plans. In order to target UNDP development

planning support and resources on countries with good prospects for implementing their SDG-based plans and policies, the strategy of support to the SDGs should therefore be rooted in an initial political economy analysis that maps interest in the SDGs at the national level, and assesses the prevalence of key factors known to influence the effectiveness of goal-based development planning. Where these key contributing factors are not yet in place, UNDP should try and advocate for them as a prerequisite to any meaningful SDG-based planning.

62. **Recommendation 5: In order to support country programmes and learn from field-level experiences in SDG implementation, UNDP should establish and maintain over time a cadre of dedicated advisors at headquarters and in regional hubs, able to support the SDG work of regional bureaux and country offices over the long term, bring coherence to the overall effort and maintain some institutional memory. UNDP should document the varied approaches which will be used at the country level in a more systematic and objective way than has been the case so far. Resource mobilization and the management of trust funds also needs to be brought into a more coherent framework to support country-level activities.**

63. The Bureau for Policy and Programme Support needs to find ways to monitor consistently, systematically and over the entire SDG period: (a) its own advisory services in support of the SDGs; (b) the varied approaches used by UNDP country offices to support SDG implementation at the country level; and (c) SDG-related results across programme countries. Online forums, workshops and reviews have helped connect United Nations staff implementing the Millennium Development Goals, but information needs to be distilled further in order to learn from different countries' experiences. UNDP should explore methods to incentivize staff to document failures as much as successes, since one can only learn from a consideration of both.

64. UNDP should continue to invest resources in initiatives directly targeting communities for sustainable development and achievement of the Millennium Development Goals/SDGs, but should do so in coherence with its upstream work, for instance via greater use of seed funding that could facilitate uptake and scaling up of innovations. The practice of setting up specific projects and units at arm's length from the regular UNDP structure (e.g., the Millennium Campaign and Millennium Project) did not yield significant benefits and should be avoided as it only translates into greater disconnect between different strands of work.

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Evaluation

Management response to the evaluation of the role of UNDP in supporting national achievement of the Millennium Development Goals

Context and background

1. At the 2000 Millennium Summit, Heads of Government and representatives of 189 countries agreed on a vision for the new millennium. Member States committed to "spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty" and to "create an environment—at the national and global levels alike—which is conducive to development and the elimination of poverty" through the Millennium Declaration (United Nations General Assembly, 2000).

2. The Millennium Development Goals are the world's time-bound and quantified targets for addressing extreme poverty in its many dimensions—income poverty, hunger, disease, lack of adequate shelter and exclusion—while promoting gender equality, education and environmental sustainability. Since their endorsement by the General Assembly in 2001, the Goals have risen to the top of the global development agenda and are the common focus of priorities for the development community.

3. The Millennium Development Goals and their grounding in the Millennium Declaration come together to represent a holistic conception of development, a conception strongly linked to the human development paradigm that UNDP introduced in 1990. Specifically, human development recognizes that the aim of development is to create an enabling environment for people to live long and healthy lives, have knowledge and a decent standard of living, and enjoy social and political freedoms. Only with these capabilities will people be able to make choices that allow them to live in a way they value.

4. The global community has reaffirmed the Goals at a series of international summits including the 2002 International Conference on Financing for Development in Monterrey, the 2005 World Summit in New York, the 2010 High-Level Meeting of the

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General Assembly on the Millennium Development Goals and recent summits of the Group of 8. Over the years, these goals have transformed the development landscape. Governments, aid agencies and civil society organizations everywhere have reoriented their work around the Goals.

5. Since their inception, UNDP has played a key role at both country and global levels in helping achieve the Goals. UNDP support has encompassed three broad areas of work that have evolved over time:

(a) *Implementation*: Supporting countries in their efforts to develop and implement strategies and plans to achieve the Millennium Development Goals, including helping countries to develop Goal-based national development strategies and investment plans, localize the Goals and efforts to help countries devise and implement acceleration plans for selected off-track Goals;

(b) *Monitoring*: As 'scorekeeper' for the Millennium Development Goals, assisting in monitoring progress at the country level;

(c) *Advocacy*: Evidence-based advocacy and analysis supporting specific outcomes in multilateral and global forums, including supporting efforts for resource mobilization.

6. The year 2015 is a defining moment in the Millennium Development Goal timeline, with countries focusing efforts towards accelerating progress while at the same time drawing lessons from their experience with the Goals to help shape the post-2015 development agenda and inform its implementation.

7. In 2014, the Independent Evaluation Office (IEO) carried out an evaluation with the aims to: (a) assess the results achieved by UNDP in supporting national achievement of the Goals; (b) identify the factors that have affected the contribution and performance of UNDP in supporting the achievement of the Goals (strengths and weaknesses, threats and opportunities, which decisions, strategies and approaches have worked and which have not); and (c) provide strategic recommendations to inform the UNDP strategy in the post-2015 agenda.

8. The evaluation covered the period 2002-2014. The UNDP management response (contained in the annex) encompasses practical and time-bound key actions which build on ongoing work, and designates the parties responsible.

Overview of the methodology

9. UNDP management welcomes the evaluation as it provides useful recommendations and a forward-looking assessment drawn from the UNDP role in support of achieving the Millennium Development Goals to inform the UNDP strategy of support for the sustainable development goals emerging from the post-2015 agenda.

10. UNDP management recognizes that the methodology of the evaluation combines evaluative evidence and country studies. UNDP management also recognizes that the evaluation relied on multiple sources for data collection and mixed methods of analysis: validation and triangulation of evidence, including synthesis of evidence from prior global and regional evaluations (e.g., evaluations of the Millennium Campaign and the Millennium Development Goal Achievement Fund, the IEO series of evaluations of the global programme and of all regional programmes, and the IEO evaluation of the UNDP contribution to poverty reduction); semi-structured interviews; 11 country case studies with information on outcomes at country level; a review of national development strategies in 50 countries; a review of the guidance notes issued by UNDP on the Goals; and findings from a questionnaire survey.

11. The report has presented the analysis, findings and recommendations in a structured way. UNDP management notes that the evaluation was scoped to focus on the tools and approaches that UNDP used explicitly to support achievement of the Goals at the country level, emphasizing comprehensive support to all the Goals as a 'package'. However, UNDP management also notes that the exclusion of environment projects such as the Millennium Development Goal Carbon Facility, the Global Environment Facility and early recovery projects has certainly underestimated the contribution of UNDP to the overall achievement of the Goals at the country level. Furthermore, UNDP could have benefited from the lessons learned, evidence and guidance from a deeper assessment of Goal-related environment projects that could be used to inform the implementation of many of the proposed sustainable development goals.

Findings and conclusions

12. Overall, UNDP management welcomes some of the evaluation's findings as encouraging and useful. The evaluation notes that country programmes accounted for 80 percent of the UNDP budget to help Governments translate the Millennium Development Goals into pro-poor strategies, policies and programmes. There is recognition that: (a) the UNDP structure of regional bureaux and country offices was adequate to support the adaptation of the UNDP service offering and products to the diverse contexts in which it works; (b) UNDP has effectively ensured that the Goals were kept at the centre of the global, and in some cases, national, development debate; (c) UNDP monitoring work and support to statistical capacities have led to improvements in the quality of Goal-related data and contributed to a more 'data-friendly' environment; (d) 80 per cent of UNDP programme countries have adopted a subset or totality of the Goals in one or more of their development plans; (e) UNDP had a positive impact on development policy by helping to conceptualize the Goals at their onset and by mobilizing support for them; and (f) the various areas of the UNDP Millennium Development Goals programme were well designed, coherent and mutually reinforcing.

13. The management also welcomes the finding that UNDP has designed and rolled out a high-quality and well-timed set of diverse and complementary tools in support of Goal-related planning, monitoring and implementation. The management agrees that UNDP should strengthen the culture of generating and applying lessons learned.

14. UNDP management believes that some of the findings and the conclusions of the evaluation should be contextualized appropriately and should also be evidence-based. The absence of such contextualization, in terms of understanding the mandate and roles of UNDP at global, regional and country levels to support countries to achieve the Millennium Development Goals, can lead to incorrect findings and conclusions. UNDP management wishes to emphasize inter alia:

(a) On the roles of country reports versus the global progress report, it is important to note that the former are government reports intended to give voice to national actors domestically and externally, and as such should be distinguished from the global reporting mechanism of the United Nations system, which produces internationally comparable data based on standard definitions and where United Nations agencies have a definitive role. Note that the issue of discrepancies between national and international statistics is not in itself a measure of lack of quality or neutrality. There can be several legitimate reasons for these differences, including adjustments by international agencies to facilitate cross-country comparisons, different units or definitions. What matters is whether there is consistency over time in the country itself, and whether there is enough information to understand the differences as they arise;

(b) UNDP does not have a role in monitoring funding. There is a broader political context at the national/subnational levels within which UNDP operates and which actually sets the limits of its influence;

(c) On the development of Millennium Development Goal acceleration action plans, the resulting plan is endorsed by Governments, not by the United Nations. This is central to understanding how the plan is implemented in practice. The process also involves prioritization and a cross-sectoral, multi-stakeholder approach.

15. The management fully agrees with the evaluation's conclusion that UNDP is well positioned to approach the post-2015 era and help countries to achieve the sustainable development goals, but the emerging post-2015 agenda is significantly more comprehensive and complex than the Millennium Development Goal targets, and it will undoubtedly test the capacity of the United Nations to deliver as one. UNDP management also fully agrees that approaches similar to the Millennium Development Goal Acceleration Framework (MAF) and tools to support Goal-based national development strategies and localization will be increasingly required during the post-2015 period to ensure that global goals are adequately translated at the local level.

Annex. Key recommendations and management response

Evaluation recommendation 1:

UNDP should organize a last round of Millennium Development Goal country reports (end-line reports) in 2016-2017 to measure progress over the entire period of the Goals, establish baselines for the sustainable development goal era and identify lessons learned and good practices. This will allow UNDP to establish programmes on a strong empirical basis of what forms of support worked and did not work during the Millennium Development Goal era. UNDP should continue support to the 'unfinished Goals' even after 2015, by helping to focus development efforts on the poorest countries as well as pockets of deprivation within middle- and high-income countries.

Management response:

UNDP management appreciates the recognition of past efforts and notes the need to capitalize on the experience of UNDP with the Goals, to recommit to closing the unfinished business and to facilitate a smooth transition from the Millennium Development Goals to the sustainable development goals.

With UNDP support as part of its scorekeeping role, countries have reported regularly on progress. Over 450 national reports have been produced to date. Several reports were also produced at the subnational level. These generate the evidence base to inform policies within countries, while also helping to extract cross-country trends and empowering national delegations within regional and global forums. A concluding round of national reports is expected to be produced by some countries in 2015-2016 to present a final stocktaking, establish national baselines for the sustainable development goals/post-2015 development agenda and facilitate a smooth transition to implementation and monitoring for this successor development agenda. Headquarters, regional service centres and UNDP country offices are providing the technical support needed for the preparation of these reports, upon demand.

From the lessons learned and evidence base gathered from the implementation of the Millennium Development Goals, the following actions are proposed to tackle the 'unfinished business':

- Bringing less visible Goals back in focus (e.g., gender equality and empowerment of women; universal access to reproductive health and family planning; access to sanitation);
- Sustaining gains already made and achieving remaining targets;
- Reaching the 'last mile' by extending Goal-related gains to the entire population;
- Using disaggregated data to monitor development achievements.

Key action(s)	Time frame	Responsible unit(s)	Tracking*	
			Status	Comments
1.1. Based on demand, support a last round of country reports, in collaboration with the broader United Nations country team, with the aim to help countries estimate baselines for the sustainable development goals according to their current progress/status of the Millennium Development Goal indicators, as per data availability.	2015-2016	Bureau for Policy and Programme Support (BPPS), regional bureaux and regional service centres		
1.2. Develop an online database of Millennium Development Goal indicators to provide the trend analysis per country based on the country report data, which would eventually support selected indicators for the sustainable development goals.	2015-2016	BPPS/Sustainable Development Cluster, in collaboration with regional bureaux and regional service centres		

1.3. Use the country reports Millennium Development Goal indicator database to generate an initial sustainable development goal observatory to monitor several indicators.	September 2015-2016	BPPS, regional bureaux and regional service centres		
Evaluation recommendation 2: **UNDP should continue to provide United Nations Member States and organizations with guidance and thought leadership at the level of the entire sustainable development goals agenda, on how to translate the post-2015 agenda to the national and subnational levels by establishing clear local priorities, while maintaining some degree of comprehensiveness and coherence with the global agenda.**				
Management response: UNDP welcomes this recommendation and agrees that 2015 provides an opportunity to leverage the experience and mandate of UNDP to successfully transition from the Millennium Development Goals to the sustainable development goals. Products and services such as the MAF, guidelines for Goal monitoring at country level, the several tools to support the development of Goal-based national development strategies and the evidence base generated for successful negotiations and discussions related to the sustainable development goals can be suitably transformed to meet part of what is needed to guide the implementation of those goals beyond 2015. At the same time, the period leading up to the United Nations Summit to Adopt the Post-2015 Development Agenda will be one of intense activity on the part of Member State and civil society, with a continuing demand for definitive analysis and evidence, until the global development agenda has been negotiated in detail. Knowledge about how implementation actually worked for the Millennium Development Goals in different countries and at the subnational level will help to inform these discussions and localization of the sustainable development goals. UNDP will also strengthen its existing collaboration with United Nations regional commissions to support actions towards the achievement and monitoring of the sustainable development goals at the regional level.				
2.1. Prepare a forward-looking, evidence-based report illustrating: (a) lessons learned and implications of the Millennium Development Goals for the post-2015 agenda implementation; (b) how and to what extent UNDP support to the Millennium Development Goal agenda can pave the way for the transition towards the sustainable development goals (e.g., localization, monitoring efforts and use of disaggregated data to take better account inequalities at subnational level, identification of implementation bottlenecks, including governance and capacity deficits, vulnerabilities to natural and man-made disasters); (c) relevance of the lessons learned from the Millennium Development Goals for the sustainable development goals, across different country typologies (e.g., including middle-income countries) and identification of lessons where similar 'relevance versus comparability' trade-offs can happen (e.g., process of nationalization of indicators and the need for relevant guidelines and methodologies, disaggregation of targets and indicators and relevant budget considerations); and (d) identify/map best practices implemented by countries in reaching the Millennium Development Goals, which have already been subject to South-South cooperation and that could help other countries to move forward on the unfinished business of the Goals and the future sustainable development goals.	September 2015	BPPS/Sustainable Development Cluster in coordination with respective regional service centres		

2.2. As a key part of the corporate strategy, evolve the MAF into a new sustainable development goal implementation tool including diagnostics to assess bottlenecks, costings and response strategies to address prioritized bottlenecks.	2015-2016	BPPS and regional service centres, in collaboration with regional bureaux		
2.3. In consultation with United Nations Development Group partners, design and launch the successor to the United Nations Millennium Campaign to serve as a campaigning and accountability movement to monitor implementation of the sustainable development goals from a people's perspective.	2015-2016	BPPS/United Nations Millennium Campaign		
2.4. Develop policy advocacy pieces focusing on the sustainable development goals and utilizing the lessons learned from the experience of the Millennium Development Goals.	2015	BPPS, regional bureaux and regional service centres		
2.5. Use mainstreaming of the Millennium Development Goals into national planning expertise and lessons learned to develop approaches and strategies for mainstreaming the sustainable development goals into national-/subnational-level planning.	2015-2016	BPPS, regional bureaux and regional service centres		
Evaluation recommendation 3: **While the post-2015 global agenda presents new challenges, the 'roles' UNDP played during the Millennium Development Goal era will remain useful and should be carried forward and enhanced for greater effectiveness**				
Management response: UNDP management appreciates the recognition of past efforts, and notes that UNDP will take further actions to ensure that institutional memory is preserved and that lessons learned are well documented to help countries deliver better. UNDP will undertake a comprehensive stocktaking and mapping of the activities it has supported during the Millennium Development Goal period to effectively codify lessons learned on 'what has worked and what has not' so as to inform its knowledge products, tools and services offered in the post-2015 period.				
3.1. Continue to support the Millennium Development Goal acceleration reviews of the United Nations System Chief Executives Board for Coordination (CEB), including: a. Preparations for two additional sessions (in April and November 2015) including country cases on areas not previously covered; b. Monitor commitments undertaken by United Nations agencies and the World Bank under the scope of the initiative.	November 2015	BPPS/Sustainable Development Cluster, in collaboration with Bureau for External Relations and Advocacy and relevant regional bureaux		
3.2. Provide guidance on the future of the CEB Millennium Development Goals Acceleration Review Initiative, including: a. Elaborate a paper with clear recommendations on the lessons learned to promote better collaboration and synergy across the United Nations system, in line with the 'fit for purpose'	November 2015	BPPS/Sustainable Development Cluster		

recommendations of the quadrennial comprehensive policy review of operational activities for development; b. In consultation with United Nations agencies and the World Bank, define a set of options for the post-2015 period, which builds on the CEB Millennium Development Goals Acceleration Review model.				
Evaluation recommendation 4: **UNDP support to countries and local governments in tailoring, planning and implementing the sustainable development goals at the national and local levels should take into systematic consideration key local factors known to influence the effectiveness of goal-based development planning, so as to minimize tokenism and focus assistance onto countries and regions with good prospects for implementing their sustainable development goal-based plans and policies.**				
Management response: UNDP takes note of this recommendation, but notes that action on the ground is primarily motivated by demand from countries. Over the transitional period 2015-2016, UNDP will continue to deliver on its mandate and commitments to support countries to complete the unfinished business of the Millennium Development Goals, while also transitioning to the implementation of the successor agenda. The UNDP role in supporting countries to achieve the Goals encompasses three pillars, which will provide good experience and evidence for transitioning to the sustainable development goals. Specifically, UNDP will adopt a forward-looking strategy comprising: 1. *Implementation:* Continue supporting countries in their efforts to develop and implement strategies and plans to achieve the unfinished business of the Millennium Development Goals, including acceleration efforts and developing tools to localize the sustainable development goals; 2. *Monitoring:* As 'scorekeeper' for the Millennium Development Goals, assisting in monitoring progress at the country level and supporting countries to reflect on implications and pathways for achievement of the sustainable development goals. There is a need to embed prospective analysis and multisectoral perspectives in the next round of monitoring efforts; 3. *Advocacy and thought leadership:* Make available evidence-based advocacy and analysis supporting specific outcomes in multilateral and global forums.				
4.1. The UNDP policy framework on inclusive growth to address social exclusion and inequality.	2015	BPPS, regional bureaux and regional service centres		
4.2. Prepare a handbook on mainstreaming environment for poverty reduction and sustainable development.	August 2015	BPPS		
4.3. Re-launch UNDP support to countries to institutionalize and conduct costing, prioritization and identification of funding gaps and opportunities, and to strengthen management systems for financing sustainable development.	2015-2016	BPPS, regional bureaux and regional service centres		
4.4. Compile a menu of options for providing support to financial planning functions in central and sector ministries to plan, fund and implement sectoral strategies.	2015	BPPS and regional service centres		
Evaluation recommendation 5: **In order to support country programmes and learn from field-level experiences in implementation of the sustainable development goals, UNDP should establish and maintain over time a strong, stable cadre of dedicated advisors at headquarters and in regional hubs, able to support the regional bureaux and country offices' work related to the sustainable development goals over the long term, bring coherence to the overall effort and maintain some institutional memory. UNDP should document the varied approaches that will be used at the country level in a more systematic and objective way than has been the case so far. Resource mobilization**				

and the management of trust funds also need to be brought into a more coherent framework to support country-level activities.

Management response: The structural change at headquarters and regional levels is expected to produce a more functionally and geographically integrated organization to deliver on the current Strategic Plan. The restructuring is delivering an optimized regional presence with more advisory and support services moving to the regional level, to help country offices deliver quality results more efficiently, which will benefit the implementation of the sustainable development goals. With the establishment of the Bureau for Programme and Policy Support, all policy and programme support services are aggregated under a single bureau. At the same time, a new Crisis Response Unit was established in order to deploy staff with the relevant expertise on the ground more promptly and efficiently as crises develop. Combined with the rationalization of management support and a new accountability framework, the new structure will make UNDP a leaner and more transparent organization. UNDP will take further actions to ensure that institutional memory is preserved and that lessons learned are well documented to help countries deliver.				
No action required	--	--	--	--

* The implementation status is tracked in the Evaluation Resource Centre.

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United Nations Capital Development Fund

Report on results achieved by the United Nations Capital Development Fund in 2014

Summary

During the first year of implementation of its strategic framework, 2014-2017, UNCDF has built on earlier results in local development finance and financial inclusion; made important steps to prove concept in new areas such as the Local Finance Initiative and Making Access Possible; and applied its approaches and instruments to maximize leverage and impact within the overall context of the Istanbul Programme of Action for the Least Developed Countries for the Decade 2011-2020 and in anticipation of the post-2015 development framework.

UNCDF has expanded its partnerships within the United Nations, the philanthropic community and the private sector in an effort to develop viable financing models in pursuit of local economic development. It has also capitalized on synergies between its two programme areas – local development finance and inclusive finance – in order to pilot and scale up innovative finance mechanisms to increase investments and leverage the untapped potential in developing countries.

The Fund's financial situation, while marked by a robust increase in other (non-core) resources, remains constrained by a low level of regular (core) contributions, which is still $10 million shy of the target set in the UNCDF strategic framework that would assure the Fund's presence in 40 least developed countries.

The Executive Board may wish to take note of the report on results for 2014, and take steps in line with decision 2014/12 to achieve the $25 million core resource level foreseen in the UNCDF strategic framework, 2014-2017.

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Contents

Chapter		*Page*
I.	Introduction	3
II.	Programme results, 2014	3
	A. Local development finance	3
	B. Financial inclusion	9
III.	Management results, 2014	15
IV.	Partnerships, advocacy and intergovernmental processes	16
V.	Quality assurance	17
VI.	Financial analysis	18
VII.	UNCDF looking forward	19

I. Introduction

1. Acting upon its unique financial and geographic mandate, UNCDF provides technical assistance, capital grants, loans, guarantees and credit enhancements to local governments, financial service providers (FSPs) and local economic actors to drive equitable growth and local development. UNCDF tests financial models to 'de-risk' the local investment space and prove concept, using 'smart' official development assistance to unlock public and private finance for inclusive growth, primarily from domestic resources.

2. UNCDF acts in two interconnected areas: it promotes inclusive finance to ensure that demand for financial products (savings, credit, insurance, etc.) is met at the local level in ways that are accessible to all segments of society, at a reasonable cost, and on a sustainable basis. The Fund also assists programme countries to structure local development finance in ways that address social, economic and climate change goals at the local level, reaching outside capital cities and catalysing local economic growth.

3. The emerging post-2015 framework emphasizes the need to address inequalities by promoting more inclusive growth. It also highlights the need for robust and innovative means of implementation – including financing mechanisms – to underpin the implementation of a truly transformative agenda. This agenda is particularly relevant to the least developed countries (LDCs), where barriers to inclusive growth outside capital cities include low levels of infrastructure endowment, high levels of dormant or unproductive capital, and high levels of unbanked and excluded populations. In this context, the UNCDF ability to act as an 'incubator' for local financial solutions that can later be scaled up by other partners, including the international financial institutions, is particularly catalytic.

4. At the 2014 annual session of the Executive Board, UNCDF presented its new strategic framework and integrated results and resources matrix, 2014-2017. This results oriented annual report presents UNCDF results in 2014 against the three outcomes of the strategic framework, namely Outcome 1: Financing increased for basic services and inclusive growth/local economic development; Outcome 2: Effective financing mechanisms established to increase resilience to economic and environmental shocks; and Outcome 3: Policy environments fostered that enable sustainable financing for development. This includes the first year of application of the new outcome indicators that are designed to measure how the UNCDF local development finance programmes trigger increases in both net local fiscal space and gross fixed capital at the local level; and how the UNCDF inclusive finance programmes support sustainable FSPs leveraging UNCDF funds.

II. Programme results, 2014

A. Local development finance

5. The UNCDF approach to local development finance is about working with public and private sector partners at the local level to unlock domestic capital for local economic and social development. It does this by providing seed capital and technical assistance to test out its innovative investment mechanisms, which include grants through intergovernmental fiscal transfer, municipal finance, structured project finance, support to small and medium-size enterprises (SMEs) productive investments, credit enhancement and guarantees. The operation of each mechanism follows the 'local development finance' core approach, which is to enable LDCs to *mobilize*, *allocate*, *invest* and *make accountable* greater resources for local investment. The indicators for local development finance presented in the integrated results and resources matrix track results according to these four areas, as presented below. A baseline assessment of the new indicators is ongoing; therefore the data for 2014 does not always indicate an established target to be achieved.

6. In 2014, UNCDF supported local development finance programming in 20 LDCs (14 in sub-Saharan Africa and six in Asia). The portfolio includes 15 country programmes, often in partnership with UNDP and other United Nations organizations, as well as UNCDF-managed regional and global thematic initiatives, implemented in multiple LDCs to address broader issues. These include the Local Climate Adaptive Living Facility (LoCAL) for infrastructure adaptation to climate change; the Local Finance Initiative (LFI) for domestic

resource mobilization in local infrastructure and productive investments; the Local Cross-Border Initiative (LoBI) for a local economic development approach to cross-border trade; and the Inclusive and Equitable Development (IELD) for women's economic empowerment.

Table 1. Overview of UNCDF local development finance programmes

Western and Central Africa	Type of programme	Eastern and Southern Africa	Type of programme	Asia and the Pacific	Type of programme
Benin	Country programmes, LoCAL, LFI	Burundi	Country programmes	Bangladesh	Country programmes, LFI, LoCAL
Burkina	Country programmes, LoBI	Ethiopia	Country programmes	Bhutan	LoCAL
Ghana*	LoCAL	Lesotho	Country programmes	Cambodia	Country programmes, LoCAL
Guinea	Country programmes	Mozambique	Country programmes, LoCAL	Lao People's Democratic Republic	Country programmes, LoCAL
Côte d'Ivoire*	LoBI	Somalia	Country programmes	Nepal	Country programmes, LoCAL
Mali	Country programmes, LoCAL, LOBI	Tanzania	LFI	Timor-Leste	Country programmes
Niger	Country programmes, LoCAL, LoBI	Uganda	LFI		
Senegal	Country programmes				
Sierra Leone	Country programmes				

7. The volume of resources directly managed by the UNCDF local development finance portfolio in 2014 was $23,767,754. Of these, $5,433,247 originated from UNCDF core funding, $7,956,975 came from bilateral donors through the UNDP managed Multi-Partner Trust Fund and from One United Nations programmes, and $10,377,532 from non-core contributions from other sources.

Outcome 1: Financing increased for basic services and inclusive growth/local economic development

Mobilize

8. UNCDF seed capital acts as a catalyst to build confidence in local government investment programmes and local private investment projects, thus unlocking greater public and private funds for local economic development. This domestic resource mobilization is delivered through: (a) central to local fiscal transfers; (b) local authorities' own revenue generation; and (c) local banks' investment in local productive infrastructure.

9. As far as the *fiscal transfers* are concerned, there was a marked increase in the total volume of financial resources available to local governments from 2013 to 2014. The biggest increases were observed in Burkina Faso, Cambodia, Guinea, Mali and Somalia, as shown in table 2. In the case of Somalia, this represents support to the governments of the territories of Somaliland and Puntland that are establishing their central and local government systems. By demonstrating the value of locally accountable investments, UNCDF work has helped to establish the legitimacy of local government systems in resolving daily problems of education, health and irrigation, thus contributing to state building and peacebuilding.

Table 2. Percentage increases in national budget allocated to local governments from 2013 to 2014 (in countries with Local Development Fund programmes)

Country	Plan[1]	Actual	Performance
West Africa			
Benin	5	18.9	+
Burkina Faso	5	20.6	+
Guinea	N/A	37.6[2]	
Mali	N/A	35.5	+
Niger	N/A	0	-
Senegal	N/A	0.9	-
Sierra Leone	N/A	-23.54[3]	-
East and South Africa			
Burundi	N/A	*no data*	
Ethiopia	5	16.3	+
Lesotho	5	11.1	+
Mozambique	5	8.3	+
Somalia	N/A	85.5[4]	
Asia and the Pacific			
Bangladesh	5	4.1	-
Cambodia	N/A	48.6[5]	+
Lao People's Democratic Republic	N/A	14.1	+
Nepal		*no data*	
Timor-Leste		*no data*	

10. With regards to *local authorities' own revenue generation*, a significant improvement is noted in Bangladesh where rural local governments reported an increase of 25 per cent over the previous fiscal year, despite transfers from central government growing at a slower pace of only 4 per cent over the same time period. The UNCDF-designed performance-based grant system played a role in triggering this mobilization of local domestic resources and strengthening the fiscal space of local government.

11. For *domestic banks' investment in infrastructure*, the Local Finance Initiative (LFI) closed its first deal in 2014 by mobilizing $2,575,000 from a domestic private investor for the first phase of a customs depot, warehouse and lorry park identified in the local government economic development plan. LFI exemplifies UNCDF capacity for leveraging: UNCDF invested $300,000 of its core resources for technical assistance to this project, representing a leverage of 1:8 in terms of domestic resources mobilized. Another example is three hydropower infrastructures in Tanzania, where $250,000 in seed investment and technical assistance for last mile transaction costs will leverage $15 million of domestic resources from local banks in 2015.

[1] The amount of resources allocated to local government is a sovereign decision of each member state. The figures in the 'plan' column are indicative and depend on the status of decentralization legislation and practice in each country. Over time UNCDF aims to leverage a 5 per cent increase per annum in real terms. There is not always a planned figure, nevertheless performance can be judged.

[2] Increase from small baseline.

3 Resources allocated to local government in Sierra Leone have declined because of reallocation of resource to Ebola response.

[4] Increase from small baseline.

[5] New type of local government grant introduced with UNCDF support.

12. The LFI investments are part of a wider local economic development initiative that will create a platform for local banks to invest in local economic infrastructure that are part of local economic development plans. The current pipeline of LFI projects is $100,000,000. The leverage of these investments will be captured at the end of the business plan period, by measuring the increases both in gross fixed capital formation at the local level and in net local fiscal space that have been triggered by the UNCDF initiatives.

Table 3. Output indicators for financing for development: Net increase in resources mobilized for local development and leverage of UNCDF resources

Output 1.2 Improved performance of sustainable, accountable local governments, and improved performance of revenue generating projects. Measured in terms of how UNCDF supports capacity to mobilize resources for effective local development.	**Plan**	**Actual**	**Performance**
1.2.1-a. Change from baseline in value of total national budget allocated to local governments leveraged by UNCDF contribution	5	12.2	+
1.2.1-b. Change from baseline in resources mobilized by local governments leveraged by UNCDF contribution	5	0.65[6]	
1.2.2. Change from baseline in value of domestic capital mobilized to the local level (leveraged by UNCDF contribution)	10	8.5	-

Allocate

13. The ability to effectively absorb and allocate resources for investments in basic services and socioeconomic infrastructure requires clear performance based criteria, whether for intergovernmental fiscal transfers or seed capital investments in local infrastructure projects. In 2014, UNCDF used internationally recognized indicators from the Public Expenditure and Financial Accountability (PEFA) framework to measure the strength of local authorities' allocation mechanisms, by analysing aspects such as: the existence of a multi-year perspective on fiscal planning; expenditure policy and budgeting; competition; value for money; checks and balances in public procurement; and the transparency of intergovernmental fiscal transfer systems.

Table 4. Output indicators for effective and sustainable resource allocation through local development institutions

Output 1.2 Improved performance of sustainable, accountable local governments, and improved performance of revenue generating projects. Measured in terms of how UNCDF supports capacity to allocate resources for effective local development.	**Plan[7]**	**Actual**	**Performance**
1.2.4. Number of local institutions that improve performance against selected PFM Indicators			
PI[8]-8: Transparency of inter-governmental fiscal relations at the sub-national level	57	57[9]	+
PI-12: Multi-year perspective in fiscal planning, expenditure policy and budgeting	31	12	-

[6] This overall figure is an average across the portfolio and includes countries in which local governments do not yet mobilize significant own revenue. The figure does not reflect the notable success in Bangladesh mentioned in the text.

[7] Number of local governments measured during 2014.

[8] PI: Performance Indicator.

[9] 57 local governments performing at highest level measured by indicator.

PI-19: Competition, value for money and controls in public procurement	23	10	-
1.2.5. Number of investment projects reaching financial closure following effective investment appraisal (LFI)	0	1	+

Invest

14. UNCDF invested more than $10 million in basic services and infrastructure through local governments to test innovative financing through the Local Development Fund (LDF) mechanism, often enhanced through performance-based grants and operational expenditure block grants. The largest investments were in Somalia ($3,634,015), Bangladesh ($2,140,000) and Mali ($1,737,906). In Somalia – where UNCDF works with UNDP, the International Labour Organization, the United Nations Human Settlements Programme (UN-Habitat) and the United Nations Children's Fund (UNICEF) on the United Nations Joint Programme on Local Governance and Decentralized Service Delivery – more than half of all investments were made in transport infrastructure, thereby improving access to markets and helping local economies grow. This programme also stands out for the proportion of projects it has implemented using public-private partnerships, through which almost one fifth of all investments were made.

Table 5. Output indicators for transformative sustainable local investments

Output 1.2 Improved performance of sustainable, accountable local governments, and improved performance of revenue generating projects. Measured in terms of how UNCDF supports capacity to invest resources for effective local development	**Plan**	**Actual**	**Performance**
1.2.7 Number and type of local investments in infrastructures and services completed	1500	1880, including: 9 public private partnerships; 214 in health; 432 in education; 197 in natural resources management; 309 in water and sanitation; 396 in road/transport; 92 in commercial; 231 not classified	+
1.2.8 Number of UNCDF and /or local government investments in supported revenue-generating private and public/private infrastructure and services complying with financial projections	7	7 including 3 LFI	+

Make accountable

15. To measure performance against international accountability standards, UNCDF applies some of the indicators from the Public Expenditure and Financial Accountability performance assessment framework. These measures allow UNCDF to gauge the performance of local authorities over time and identify potential areas where support is needed.

Table 6. Output indicators for increase in accountability to local citizens

Output 1.2 Improved performance of sustainable, accountable local governments, and improved performance of revenue generating projects and productive small and medium size enterprises. Measured in terms of how UNCDF supports capacity to make accountable the resources that are invested in local development.	**Plan[10]**	**Actual**	**Performance**
1.2.9. Number of local institutions that improve performance against accountability related public financial management indicators (PEFA)			
PI-10: Access to key fiscal information at the sub-national level refers to access of the general public at the location ('local' public access) or at least the relevant interest group	30	30[11]	+
PI-11: Orderliness and participation in the annual budget process	126	13 out of 126	-
1.2.11. Number of revenue-generating projects with multi-stakeholder boards	7	7	+

Outcome 2: Effective financing mechanisms established to increase resilience to economic and environmental shocks

16. To improve the resilience of local communities to shocks, UNCDF supports LDCs to put in place dedicated local financing mechanisms to address issues such as climate change, food security, cross-border collaboration and women's economic empowerment.

Climate change

17. The Local Climate Adaptive Living Facility (LoCAL) works to establish sustainable financing for local government investments in climate resilience and adaptation. The LoCAL investments are part of a wider initiative for local climate resilience in the LDCs in which UNCDF is supporting national efforts to secure Green Climate Fund financing that will flow through national financial systems to local governments to be used for verifiable local resilience-building.

18. In any given country, phase I and phase II of the programme introduce and test a performance-based climate resilience grant mechanism for verifiable climate resilient investments. This is scaled up to all local governments during phase III – which involves the mobilization of domestic and international resources for local climate resilience. LoCAL uses the intergovernmental fiscal transfer system that has often been introduced by earlier UNCDF initiatives. Phase III has begun in Bhutan and Cambodia.

19. Since it started its work in two countries in 2011, LoCAL has been introduced or tested in an additional nine countries in Asia and Africa. Design work for phase I was carried out in Ghana, Mozambique, Niger and Solomon Islands; phase I operations have begun in Benin, Mali and Nepal; and preparations to move from phase I to phase II have started in Bangladesh and the Lao People's Democratic Republic.

20. In total, LoCAL has provided $1.2 million grants to 29 local governments, reaching out to a population of over 4 million, across seven LDCs in Asia (Bangladesh, Bhutan, Cambodia, Lao People's Democratic Republic and Nepal) and Africa (Benin and Mali). The objective of this support is to pilot a mechanism that can then be scaled up to the national level, thereby reaching over 230 million people across these countries.

[10] Number of local governments measured during 2014.

[11] 30 Local Governments performing at highest level measured by indicator.

Food security

21. Several UNCDF country programmes in sub-Saharan Africa include a thematic focus on food security, such as the programmes in Burundi, Ethiopia, Mali, Mozambique and Niger. Using intergovernmental fiscal transfers, the Local Development Fund mechanism's earmarked funds for food security are channelled from the national to the local level and invested into production enterprises and local infrastructure that help improve local resilience to food shocks. These include investments in micro-dams, production facilities, roads, storage facilities and irrigation infrastructure. In Niger, more than 200,000 people directly benefitted from UNCDF-supported interventions to increase resilience to food shocks.

Cross-border trade

22. The development of strong and diverse local economies is a crucial factor in strengthening resilience. The UNCDF regional programme Local Cross-Border Initiative (LoBI), intervenes in Burkina Faso, Côte d'Ivoire, Mali and Niger. This programme has helped reinvigorate cross-border coordination between the local authorities of the Initiative pour l'Intégration Régionale au Sahel zone (between Burkina Faso, Mali and Niger). UNCDF has worked with these local authorities to identify and develop tools to help them to implement joint initiatives that strengthen the services and infrastructure available to cattle farmers, improve cross-border trade and reduce the risk of conflicts over available resources.

Women's economic empowerment

23. In partnership with UNDP and the United Nations Entity for Gender Equality and Women's Empowerment (UN-Women), in 2014 UNCDF also began designing an innovative programme for women's economic empowerment called the Inclusive and Equitable Development (IELD) programme. IELD will be launched in 2015 and will involve a structural analysis of gender relations in local economies and obstacles preventing women's economic empowerment. It will then deploy the UNCDF local development finance instruments towards those investments that can overcome these obstacles.

Outcome 3: Policy environments fostered that enable sustainable financing for development

24. The local development finance approach to local development requires supportive policy environments that enable the scaling up of investment mechanisms. This policy dialogue is often carried out together with partners such as UNDP as part of the scaling up process of a country programme.

25. In Lesotho, Mali, Niger and the Lao People's Democratic Republic, substantive contributions were made to national decentralization policies and legislation, mainstreaming the performance-based grant system. In the Somalia territories of Puntland and Somaliland, similar contributions are effectively building the state system from the bottom up, ensuring that future governments will have adequate means to address local development challenges.

B. Financial inclusion

26. UNCDF work on inclusive finance engages with a range of country-based institutions to develop inclusive financial systems and to ensure that a range of financial products is available to all segments of society, at a reasonable cost, and on a sustainable basis. UNCDF supports a wide range of providers (such as microfinance institutions, banks, cooperatives, money transfer companies) and a variety of financial products and services (such as savings, credit, insurance, payments, and remittances). UNCDF also supports newer delivery channels (such as mobile phone networks) that offer relevant potential for scale.

27. In 2014, UNCDF supported inclusive finance programming in 25 LDCs (18 in sub-Saharan Africa and seven in Asia). UNCDF supported 18 of the 25 countries through global or regional initiatives. Seven countries currently being supported are in post-conflict situations. The number of countries supported via country sector programmes or the Making Access Possible (MAP) framework decreased to 10, as the lack of core resources constrained the ability to expand country programmes.

Table 7. Overview of UNCDF Inclusive finance programmes

Western and Central Africa	Type of programme	Eastern and Southern Africa	Type of programme	Asia and the Pacific	Type of programme
Burkina Faso	Country programmes, YouthStart	Burundi	MicroLead	Bhutan	MicroLead
Cameroon*	MicroLead, MAP	Ethiopia	YouthStart, MicroLead	Lao People's Democratic Republic	Country programmes, MM4P
Democratic Republic of the Congo	Country programmes, MAP, YouthStart	Lesotho	MAP	Myanmar	MAP, MicroLead
Ghana*	MicroLead	Mozambique	Country programmes, MAP	Nepal	Country programmes, MicroLead, MM4P
Côte d'Ivoire*	MAP	Madagascar	Country programmes	Papua New Guinea*	PFIP
Liberia	MicroLead, MM4P	Malawi	MM4P, MicroLead, YouthStart, MAP	Fiji*	PFIP
Niger	Country programmes	Rwanda	MicroLead, YouthStart, country programmes	Solomon Islands	PFIP
Senegal	Country programmes, YouthStart	Uganda	MicroLead, YouthStart, MM4P	Samoa*	PFIP
Sierra Leone	MicroLead	Tanzania	MicroLead	Vanuatu	PFIP
Togo	YouthStart	South Sudan	MicroLead	Timor-Leste	PFIP
		Swaziland*	MAP		
		Zambia	MAP		

*non-LDC
Abbreviations: MM4P: Mobile Money for the Poor; MAP: Making Access Possible; PFIP: Pacific Financial Inclusion Programme

28. UNCDF support to financial inclusion has helped increase the drive for domestic resource mobilization in two ways by: (a) channelling informal savings 'under the mattress' into the formal financial system and into the real economy. As of 2014, FSPs supported by UNCDF have increased their deposits from a baseline of $823 million to $1.6 billion over the period of UNCDF support; and (b) increasing domestic commercial lending to fund the growth of FSPs serving the un-banked. UNCDF has supported FSPs to increase their refinancing from domestic banks and attract new investors to support their growth.

29. Financial inclusion has become more complex with new actors and innovations shaping the way financial services can be accessed by the un-banked. Innovation around technology and mobile banking, new distribution channels and the growing digitalization of large scale social protection and emergency payments have at the same time opened new opportunities to reach universal financial access. UNCDF is very well positioned to act as a facilitator for a broader market development approach to financial inclusion, for example, through the MAP

diagnostic framework, a powerful data-driven platform for harmonization and coordination of financial inclusion actors at the country level, led by national authorities.

30. Market development frameworks like MAP, through the in-depth diagnostic and stakeholder engagement, help open market development opportunities for impact investors and the private sector in general around financial inclusion. In addition to MAP diagnostics and roadmaps, UNCDF met its overall target for financial inclusion diagnostics. The number of roadmaps adopted was within target (8 of 10), and it is expected that governmental processes will lead to adoption of others in 2015. UNCDF is ready to scale up our MAP to 20 countries by 2020.

31. Another highlight for 2014 includes the support that the Better Than Cash Alliance (BTCA) – a public-private partnership hosted by UNCDF whose members are committed to accelerating the shift from cash to electronic payments – has provided to UNDP in the battle against Ebola, working with the United Nations Mission for Ebola Emergency Response and the governments of Guinea, Liberia and Sierra Leone to ensure the payments of thousands of treatment centre staff, lab technicians, contacts tracers and burial teams by electronic means where possible. BTCA – which in 2014 was invited to be an official implementing partner of the G20 Global Partnership for Financial Inclusion – has also seen a steep increase in the number of new partners who have made the concrete commitment to transition from cash to digital payments in their work and has reached a total of 35 members in 2014.

32. Finally, 2014 saw new agreements with development partners to significantly expand UNCDF work in digital financial services. This includes the extension of the Pacific Financial Inclusion Programme (PFIP) with a target of adding an additional 500,000 clients with financial services; as well as the extension of the global Mobile Money for the Poor (MM4P) programme, which will now be able to increase mobile-enabled delivery channels for financial services to serve 17.75 million active digital financial clients, representing a net increase of 11.58 million users across eight countries.

Outcome 1: Financing increased for basic services and inclusive growth/local economic development

33. Under the first outcome, UNCDF work in inclusive finance continues to build on its success in mobilizing money 'out of the mattresses' (or 'sleeping capital'), providing poor people a safe place to save, while also intermediating funding for micro, small and medium enterprises-size enterprises to invest in the real economy of their countries.

Table 8. Output indicators for financing for development: leverage of UNCDF core resources

Output 1.1. Improved performance of sustainable, healthy, responsible FSPs leveraging UNCDF funds to be measured in terms of sustainability, portfolio quality, outreach, responsible provision of financial services)	Plan	Actual	Performance
1.1.1 Change from baseline in value of loan portfolio of FSPs (numerator) leveraged by UNCDF core contribution (denominator).	10 to 1 leverage of UNCDF core resources	56 to 1	+
1.1.2 Change from baseline in value of savings portfolio of FSPs (numerator) leveraged by total UNCDF core contribution (denominator).	10 to 1 leverage of UNCDF core resources	36 to 1	+

34. UNCDF exceeded its targets for leveraging its core resources thanks to two key factors. First, in 2014, two of its strongest programmes in leveraging 'money out of the mattresses', MicroLead and YouthStart, reached scale in their operations. UNCDF expects these numbers to decrease in subsequent years, closer to targets, as performance-based agreements with many top performing FSPs close. Secondly, as UNCDF core resources (denominator) have shrunk, the leverage has increased. With the relative importance of cost-sharing, it may be appropriate to also report on these leverage ratios with a denominator that combines core and cost-sharing funds. The ratios for the leverage of FSPs loan and savings portfolios based on this combination is 6.0 and 5.8, respectively.

35. In particular, MicroLead provides an excellent example of how UNCDF leverages its funding to catalyse domestic savings: with an initial core contribution of $5 million, UNCDF mobilized $20 million from the Bill and Melinda Gates Foundation to launch MicroLead. UNCDF invested the funds in FSPs from the South that brought about $100 million of their own equity to fund their expansion in LDCs. After five years of operations, these FSPs combined to reach over one million depositors, with loan and saving balances of $450 million, with growth continuing. This is a powerful leverage from an initial $5 million core funding from UNCDF provided by its donors. The MicroLead Expansion programme, funded by the MasterCard Foundation, is now halfway through implementation, working with a variety of providers with targets to reach an additional 1.3 million clients and mobilize $190 million in deposits while moving further into rural markets with demand-driven, responsibly priced products.

36. YouthStart has reached more than double its initial target of providing financial services to 200,000 youth, with 450,000 youth having gained access to financial services. These youth clients have accumulated over $13 million in savings while young entrepreneurs accessed over $5.7 million in loans to either start up or expand their own business. YouthStart is planning to build on these results, and is currently mobilizing partners to reach an additional 800,000 youth in the next phase.

Table 9. Output indicators for sustainability: Improvements in FSP profitability/sustainability. Improvements in portfolio quality

Output 1.1. Improved performance of sustainable, healthy, responsible FSPs leveraging UNCDF funds (to be measured in terms of sustainability, portfolio quality, outreach, responsible provision of financial services)	**Plan**	**Actual**	**Performance**
1.1.3: Percentage of FSPs that have audited financial statements	90%	90%	+
1.1.4: Percentage of FSPs making progress toward profitability (return on assets)	80%	75%	+
1.1.5: Percentage of FSPs meeting portfolio quality targets (PAR 30 days)	80%	59%	-
Responsibly-provided services: 1.1.6: Percentage of FSPs that endorse SMART Campaign Client Protection Principles (country programmes) or equivalent	85%	74%	+

37. UNCDF provided support to 77 FSPs in 2014, allowing them to increase the value of their loan and savings portfolios. The sustainability of the FSPs supported by UNCDF is captured by the four indicators noted above. Ninety per cent of UNCDF-supported FSPs had external audits in 2014, with funding suspended for those failing to comply. UNCDF will continue to suspend non-performing FSPs, and to terminate funding for those not redressing performance. Seventy-five per cent of these FSPs were making progress toward profitability, as measured by return on assets.

38. Poor portfolio quality was concentrated in Africa (only 29 per cent of the target in West Africa). External factors included recently introduced regulations in the West African Economic and Monetary Union that now allow FSPs to keep non-performing loans in their portfolio for a maximum of two years, as opposed to one year in the past, before the required write-off.

Outcome 2: Effective financing mechanisms established to increase resilience to economic and environmental shocks

39. Effective financing mechanisms established to increase resilience to economic and environmental shocks focused on expanding the frontiers of financial inclusion via innovations in piloting new products (youth, mobile money, clean energy) and bringing these to scale.

Table 10. Output indicators

Output 2.1. Improved access to and usage of basic financial services as an effective way to reduce vulnerability and shocks	Plan	Actual	Performance
2.1.1: Total numbers of active clients served via products that strengthen client resilience to shocks in areas such as client savings, Mobile Money for the Poor (MM4P), Better Than Cash Alliance (BTCA), clean energy, micro-insurance	3,000,000	4,982,232	+
2.1.2: Number of product innovations in areas such as youth finance, clean energy finance, agricultural/rural finance, mobile money or cash to electronic transitions	40	48	+

40. By 2017, UNCDF aims to serve 6,400,000 new clients benefiting from resilient financial products (50 per cent women). In 2014, UNCDF surpassed its interim goal of serving three million active clients through the FSPs in which it invests.[12] Since households comprise five persons on average, this represents an impact on the lives of some 24.9 million people. The 4,982,232 active clients are based on the number of active savers; the number of borrowers is much lower at 2,658,656. UNCDF focuses on supporting savings-led FSPs, given the triple benefit to: clients, FSPs and inclusive growth. For clients, the positive findings from client impact studies highlight the benefits of savings in helping the poor to smooth consumption and build assets, building resilience against shocks. For FSPs, deposits provide a stable and sustainable source of local funds to finance their portfolios; and for LDCs, getting money 'out of the mattresses' and into the real economy supports inclusive growth as FSPs invest these resources in micro, small and medium enterprises. Sixty-two per cent of borrowers are women (above the UNCDF threshold of 50 per cent). The bulk of this outreach came from the MicroLead programme, with 2,687,283 savers served by MicroLead-supported FSPs.

41. UNCDF also exceeded its interim target for supporting FSP product innovations in 2014, with 48 product pilots, versus a target of 40. Almost all (44 of 48) of these product innovations were supported by global thematic initiatives. For example, in Nepal, CleanStart – designed to help poor households and micro-entrepreneurs access financing for low-cost clean energy – collaborates closely with the Central Renewable Energy Fund, a $120 million multi-donor wholesale fund dedicated to renewable energy, to build confidence among commercial banks about the prospects of financing the clean energy sector. In 2014, four financial institutions in Nepal extended loans for solar home systems, biogas and improved cookstoves to over 10,000 clients, testing innovations in consumer financing for clean energy.

42. In addition to these pilots, 40 previously supported pilots went to scale in 2014, as the FSPs embraced the product innovations and integrated them into their mainstream operations. Of the clients served by product innovations that have gone to scale, 504,766 were youth in Africa, served by FSPs supported by the YouthStart programme. Another key contributor was Mobile Money for the Poor (MM4P), with 497,996 clients using 'mobile wallets' to keep their savings.

Outcome 3: Policy environments fostered that enable sustainable financing for development

43. In support of Outcome 3, UNCDF focused on creating an enabling environment for financial inclusion, by supporting improvements to the ecosystem that enable policymakers to lead data driven action plans and all market participants to better perform.

[12] It is possible that this figure will decline in 2015, before it begins to rise again, as the financing agreements with top-performing financial service providers close in 2014 and 2015.

Table 11. Output indicators

Output 3.1 .UNCDF- funded diagnostic tools/advocacy initiatives provide a key contribution to shaping national governments' agendas on financial inclusion	Plan	Actual	Performance
3. a. Number of improvements to the policy environment and enabling ecosystem, including client protection, resulting from UNCDF advocacy and support	10	15	+
3.1.1 Number of diagnostics on financial inclusion completed	20	19	+
3.1.2 Number of inclusive finance road maps, action plans or national strategies adopted	10	8	+
3.1.3. Number of commitments to the Better than Cash Alliance to transition cash to electronic payments	6	35	+
3.1.4 Number of capacity building activities completed to strengthen the capacity of regulators and supervisors, especially to safeguard poor people's savings	10	52	+
3.1.5. Number and quality of approved UNCDF publications (inclusive finance)	29	62	+

44. Of the 15 LDC policy changes supported by UNCDF advocacy and capacity building activities (52 distinct events) for policymakers in 2014, the following provides an illustration of the range and significance for LDC enabling environments:

(a) The Central Bank of Liberia, with MM4P and Groupe Spéciale Mobile Association assistance, issued new mobile money regulations, allowing non-bank providers to legally offer mobile money, dual currencies and tiered know-your-client. This policy change made it easier for some Ebola workers to be paid on time, electronically, and facilitated a 300 per cent increase in person-to-person payments to support people in quarantined areas;

(b) The Government of Rwanda cited the peer-to-peer model used by YouthStart partner Umutanguha Finance Ltd. (Umutanguha) as a best practice for delivery channels in its recently launched national financial literacy strategy;

(c) In the context of the Shaping Inclusive Finance Transformations (SHIFT) programme, UNCDF was appointed as the technical partner for the Government of Myanmar, in its capacity as 2014 Association of Southeast Asian Nations (ASEAN) Chair, in the organization of the ASEAN Financial Inclusion Conference held in Yangon on 29 to 30 October, which led to an actionable outcome document offering an agenda for policymakers in the region to accelerate financial inclusion;

(d) The Pacific Financial Inclusion Programme (PFIP) worked with the Ministry of Education in Fiji to embed financial education (FinED) into the national syllabi so that financial education is now fully integrated into the core curriculum and the syllabi will undergo a full year of implementation in 2015. This initiative is supported with national teacher re-training across primary and secondary schools. Other Pacific island countries are reviewing the model for South-South replication across the region.

45. In terms of direct support to clients for the enabling ecosystem, 640,986 clients of FSPs supported by UNCDF were provided financial education to complement their access to financial services.

46. In addition to leading product innovations, UNCDF global thematic initiatives also produced 54 of the 62 knowledge products completed in 2014, highlighting the role they are playing in bringing to fruition the portfolio review's suggestion that *"the key comparative advantage of UNCDF would appear to be its inherent capacity for ensuring a two-way information sharing and communication pathway between the 'development hubs' of the*

GTIs [global thematic initiatives] and the IF [inclusive finance] stakeholders at national level in LDCs…, which often do not have easy access to information." [13]

47. UNCDF works with development partners to align support and programming with national priorities. Country-level investment committees review new initiatives and coordinate, and in some instances pool, country-level funding. As of the close of 2014, these initiatives are set to provide $188 million in funding (cost-sharing and parallel resources) over the period 2014 to 2017 for UNCDF-designed programmes in order to complement and leverage (8.7 times) UNCDF core resources, and have thus contributed significantly to the results highlighted in this report.

III. Management results, 2014

48. UNCDF initiated an organizational change process in 2014. The structural change will affect headquarters in New York, and its regional and country presence, with the aim to ensure that UNCDF staff and structure are fit for purpose to deliver on the new strategic framework, to make the best use of the resources entrusted to it, and to adjust to the shortfalls in core contributions.

49. The realignment was designed to achieve six broad objectives:

- Reinvest in country presence in the LDCs where UNCDF should be engaged, with the aim to reach 40 LDCs by the end of the strategic framework period;
- Invest in cross-practice synergies and knowledge management;
- Ensure the organization's financial sustainability;
- Improve operational efficiency and drive delivery commensurate with the growth in non-core resources;
- Maximize results on the ground, while maintaining strong oversight and evaluation for programmatic learning and accountability; and
- Clarify delegation of authority, accountability, standard procedures, and systems.

50. The process has resulted in a more streamlined architecture – one that is more in line with the size and scope of the organisation. Once one-time costs of the realignment are covered, the annual savings against core resources should amount to approximately $1.1 million. This meets the reduction target of $1.0 million annually set for the realignment process and will allow UNCDF to largely maintain its existing country presence. Only an increase in core resources will allow UNCDF to establish its presence in more LDCs or to renew its presence in LDCs where programmes are coming to a close in 2015.

51. In line with actionable audit recommendations, UNCDF is finalizing its revised loan policy, establishing a risk management policy linked to the UNDP enterprise risk management system, and clarifying roles and responsibilities, including with regard to delegated authority in a range of administrative areas, particularly those affected by the change process.

Table 12. Selected management indicators

Perspective	Strategic objective	Indicator	2013 results	2014 Target	2014 result
Client satisfaction	Relevant programming on LDCs, including post-conflict	LDCs with UNCDF programmes	32 LDCs	40 LDCs	31 LDCs
Internal efficiency	Improve efficiency of delivery	Administrative-to-total-expenditure ratio	15.3%	15	13.4%
	Staff perception	Percentage of staff that feels inspired to work at their best	66%	70%	68%
	Implementation of the audit recommendations of the Office of Audit and		25/25	7/10	8/10

[13] UNCDF FIPA [Financial Inclusion Practice Area] Portfolio Review Synthesis Report (Final Report), 11 February 2013, page 15. file:///E:/2014%20submitted%20in%202015/evaluations/fipa_portfolio_review_0213_eng.pdf

	Investigation				
	Implementation of the audit recommendations of the United Nations Board of Auditors		2/4	5/7	5/7
Financial resources	Achieve resource mobilization targets	Regular resources mobilized	$16.3 million	$25m	$14.9 million
	Ensure delivery against plan	Other resources mobilized	$49.1 million	$61m	$63.3 million
		Delivery against approved annual spending limits	85%	85%	80%

IV. Partnerships, advocacy and intergovernmental processes

52. Through a new partnership with The MasterCard Foundation, in 2014 UNCDF expanded the MM4P programme, which is supported by UNCDF, the Swedish International Development Cooperation Agency, the Australian Department of Foreign Affairs and Trade, and the Bill and Malinda Gates Foundation. Through the expansion phase, UNCDF plans to increase mobile-enabled delivery channels for financial services to 15 per cent of the most economically disadvantaged people in Benin, Senegal and Zambia.

53. In close partnership with Swedish International Development Cooperation Agency, UNCDF launched the initiative Leveraging Domestic Finance for Inclusive Growth and Resilience in LDCs, which will focus on the identification, selection and development of a gender-sensitive pipeline of investable projects and public infrastructure. These investments will be identified and implemented through the LoCAL, LFI and CleanStart global thematic programmes.

54. The ambition of UNCDF to step up its advocacy work resulted in a number of major events and initiatives during the year. The UN-Habitat World Urban Forum in Medellin, Colombia (April 2014) was an occasion to discuss food security issues and a novel approach to addressing food security through a local food systems approach. Further, at the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 20) in Lima, Peru (December 2014), UNCDF presented local solutions to climate change adaptation using the LoCAL facility, which was recognized as a mechanism to promote concrete and sustainable solutions for local governments. UNCDF also contributed to the 15th Francophonie Summit in Dakar (December 2014) addressing the importance of women and youth in achieving development objectives through a roundtable organized jointly with UNDP and UN-Women.

55. The Better Than Cash Alliance (BTCA) was invited to become an official Group of 20 (G20) Global Partnership for Financial Inclusion Implementing Partner with a focus on the markets and payments subgroup. Together with the World Bank and the Bill and Melinda Gates Foundation, BTCA launched the report, "Opportunities of Digitizing Payments", and was invited to showcase its experience as a cutting-edge partner of governments, development organizations and private sector at the First High-level Meeting for Effective Development Cooperation in Mexico City, Mexico.

56. In 2014, UNCDF initiated the Fifth Annual Responsible Finance Forum focused on responsible digital finance, which convened for the first time industry, government and private sector leaders to discuss how digital financial services are delivered transparently, fairly and safely and to set the stage for developing principles for responsible digital finance. UNCDF also organized a technical conference on financial and social inclusion of children and youth within the post-2015 agenda at the Child and Youth Finance Summit (New York, May 2014).

57. UNCDF contributed to the Open Working Group on Sustainable Development Goals and actively participated in all relevant intergovernmental processes and consultation mechanisms. As a member of the related United Nations Task Team and the Technical Support Team, UNCDF provided technical expertise on a number of future sustainable development goals (SDGs) and targets. UNCDF also acted as a co-lead of the Technical

Support Team subgroup on means of implementation (SDG 17). Jointly with the Office of the United Nations Secretary-General's Special Advocate for Inclusive Finance for Development, UNCDF coordinated the provision of technical expertise on access to financial services, now referred to in a number of targets in six SDGs.

58. UNCDF participated in all relevant intergovernmental processes and mechanisms pertaining to the work of the Intergovernmental Committee of Experts on Financing for Sustainable Development and to the preparatory talks on financing for development.

59. As it is a member of Executive Committee on Economic and Social Affairs Plus and the Interagency Coordination Group on the LDCs, UNCDF provided an active contribution to the work of these groups. UNCDF contributed to the preparatory work for the Ministerial Conference on New Partnerships for Productive Capacity Building in LDCs (Benin, 28 to 30 July), where it also organized two side-events: Innovation, Creativity, Technology, Broadband Connectivity and Financing: Key Vectors for Sustainable Development in the LDCs in partnership with the United Nations Industrial Development Organization, the World Intellectual Property Organization, and the International Telecommunication Union; and on Building Productive Capacities for Resilience in the LDCs. UNCDF also participated in the Third International Conference on Small Island Developing States (Samoa, 1 to 4 September), where it contributed to the international debate with experiences from its Pacific Financial Inclusion Programme and Local Climate Adaptive Living Facility global programmes, as well as in the Second United Nations Conference on Landlocked Developing Countries. (Vienna, 3 to 5 November) and the Nepal Meeting on Graduation of Asia-Pacific LDCs (Kathmandu, 16 to 18 December).

V. Quality assurance

60. In 2014, UNCDF kept up its recent commitment to external evaluation, completing one final evaluation of the Support Programme to Decentralization, Deconcentration and Local Economic Development in Benin and beginning three others: (a) a final evaluation of the YouthStart programme supporting the development of youth financial services in eight African countries; (b) a mid-term evaluation of the expansion phase of the MicroLead programme supporting the introduction of savings-led models in the LDCs; and (c) a thematic evaluation of the performance of the UNCDF local development fund mechanism in the LDCs of Africa and Asia since 2005. This raised the total number of external evaluations commissioned by UNCDF since 2010 to 24.

61. The results of the Benin evaluation were broadly positive with the project praised for having supported concrete improvements in the local government planning and management systems, as well as the launch of resource mobilization strategies in targeted communes. The majority of investments funded were judged to be functioning well, with direct benefits to some 3,200 people and indirect results expected in the improved functioning of agricultural value chains. The evaluators made several recommendations pertaining to the need to improve the planning of such investments through more thorough cost-benefit analyses and feasibility studies; and the need to better link the planning process to an economic analysis of local agro-food systems. The Government and Parliament of Belgium used the evaluation in deciding how to orient their future support to food security in Africa; the results are also feeding into the design of a new UNCDF global food security programme.

62. Elsewhere, UNCDF interventions were well covered in a series of UNDP-managed evaluations. Key findings from the Independent Evaluation Office's thematic evaluation on the UNDP contribution to Millennium Development Goal achievement included praise for the Fund's approach to working through decentralized institutions and validation that support to local level planning constituted "a pathway to impact in its own right". The evaluators recommended that UNDP and UNCDF should "combine their efforts in a more proactive way" going forward, recognizing that "UNCDF brings unique capacity and expertise on decentralization, while UNDP has better access at the upstream level in government". A mid-term evaluation of joint UNDP-UNCDF projects in Bangladesh supporting improved local governance recognized improved transparency, accountability and participation in local-level decision-making compared to baseline data, with UNCDF praised particularly for piloting an

enhanced performance-based grant system, elements of which have been scaled up into national policy through the regulatory framework for local government.

63. Throughout 2014 UNCDF participated in the UNDP evaluation policy review and was encouraged by the reviewers' conclusion that UNCDF evaluations are 'credible', 'offer impartial analysis' and are of 'appropriate quality', with the four evaluations sampled scoring either 'satisfactory' or 'highly satisfactory'. UNCDF has worked with the Independent Evaluation Office and UNDP management to revise the evaluation policy along the lines suggested in the management response to the policy review, and looks forward to a closer association with the Independent Evaluation Office on quality assessment and assurance beginning in 2015.

VI. Financial analysis

64. In 2014, owing mainly to increasing non-core contributions, total UNCDF revenue reached $88.3 million, up from $65.4 million in 2013. The UNCDF development partners' base has broadened, with 44 development partners contributing to UNCDF resources in 2014, up from 36 in 2013. Contributions to UNCDF in 2014 included $21.1 million from private sector foundations and corporations, representing 23.8 per cent of total resources. In 2014, UNCDF largest donors were Sweden, the United Nations Multi-Partner Trust Fund, The MasterCard Foundation, the European Commission, Belgium, the Bill and Melinda Gates Foundation, Switzerland, Denmark, Australia and Luxembourg.

65. Non-core contributions reached a record high of $73.3 million in 2014 (26 per cent of which originated from eight major private sector foundations and corporations), an increase of 51 per cent from 2013. Core contributions reached some $14.9 million in 2014, a $1.4 million decrease from 2013, and still falling well short of the $25 million target required to sustain UNCDF operations in 40 LDCs.

66. Core contributions allow UNCDF to innovate and prove concept. They allow UNCDF to field substantive expertise to a country for a period of 12 to 18 months to develop relevant programmes, embed with UNDP and United Nations country teams, develop and maintain critical public and private partnerships, and mobilize the resources required to operationalize the programme. UNCDF has a track record of achieving on average a 1:4:10 leverage ratio of core to non-core to domestic and other investment resources. Core contributions also make it possible for UNCDF to maintain a presence in the UNDP country office for the duration of the programme, a model whose value has been demonstrated over decades of successful scaling up and joint work in wedding financing models with governance and policy change. Reductions in core have forced UNCDF to de-fund its country office presence and rely exclusively on project personnel, thereby weakening cross-programme synergies with UNDP, the United Nations system, and overall long-term sustainability of programme results. Country closures have in some cases been quite abrupt, causing premature suspension of promising initiatives.

67. At current levels of core, UNCDF remains optimistic that it will be able to continue its operations in at least 31 LDCs, while continuing to leverage substantial amounts of non-core resources from private and public sources for the benefit of the LDCs.

68. Total expenditures in 2014 were $63.4 million, $0.5 million higher than in 2013 ($62.9 million). Expenditures against regular resources decreased by $7.4 to $11 million while expenditures against other resources increased by $6.9 million to $52.4 million. Against this background, UNCDF continues to closely monitor its financial sustainability, investing its core resources strategically in initiatives that will maximize development results and attract significant non-core resources.

69. Fund balances at the end of 2014 were $109 million. UNCDF has made provisions for after-service health insurance as required by International Public Sector Accounting Standards, and recalculated its operational core reserve to $12.4 million. The extra budgetary reserve is at $2 million.

Table 13. Expenditure trends, 2006-2014 (*in millions of United States dollars*)

Expenditures	2006	2007	2008	2009	2010	2011	2012	2013	2014
Programme expenditures	25.2	28.7	37.0	41.5	43.9	53.7	48.6	54.5	57.5
- Of which regular resources	16.8	19.0	22.6	22.2	25.0	29.4	23.6	15.1	9.9
- Of which other resources	8.4	9.7	14.4	19.3	18.2	24.4	25.0	39.4	47.5
UNCDF support	4.6	5.4	6.8	7.6	5.5	6.2	5.0	8.3	5.9
Total	**29.8**	**34.1**	**43.8**	**49.1**	**49.3**	**59.9**	**53.6**	**62.8**	**63.4**

Table 14. Programme expenditures in 2013, by region and practice (*in millions of United States dollars*)

Regions/themes	Local development finance	Inclusive Finance	Total
Africa	16,015,629	17,942,389	33,958,018
Asia and Pacific	9,080,888	14,517,520	23,598,408
Total	25,096,517	32,459,910	57,556,427

VII. UNCDF looking forward

70. In the context of its strategic framework, 2014-2017 presented to the Executive Board at its first regular session 2014, UNCDF will fully align itself with the post-2015 development agenda to maximize the benefits of its financial mandate and flexible financial instruments in order to help eradicate poverty, reduce inequalities and promote inclusive and sustainable growth in the world's LDCs. To do so, UNCDF will continue focusing on: (a) increasing financing for basic services and *infrastructure*, while ensuring that financial services *empower poor populations* to engage more dynamically with their local economies; (b) using its capital investment as critical catalyst for *domestic resource mobilization*; (c) directing *climate finance to the local level* to build on decentralized capacities of local administrations and empower them to build climate resilient infrastructure; (d) *localizing* the post-2015 development agenda inter alia through empowered, well-financed municipalities; and (e) fostering policy environments conducive to *sustainable financing for sustainable development*.

71. Innovation and proving concept in support of the two main programme areas will continue to drive learning. The ability to use official development assistance 'smartly' to drive, leverage and scale up adapted financial mechanisms and solutions will remain important indicators of the Fund's success. UNCDF will commit to using technology strategically, knowing that digital and information technologies can act as enablers of inclusion, accelerators of development, and contributors to greater financial transparency and efficiency. And UNCDF will continue to pursue partnerships in the public and private sphere, as blended finance and public/private partnership will provide the only viable means to meet the demands of the post-2015 development agenda.

72. UNCDF will continue to emphasize strongly the quality of its programming, transparency and accountability for results at various levels in the organization. In keeping with its financial mandate and the need to increase diversified sources of investment capital to the LDCs, UNCDF will strengthen its internal capacity in investment finance and public finance through retraining and strategic in-take of staff with new profiles. It will further fine-tune its functions to maximize effectiveness and efficiency, with a special focus on the country level where development results are achieved.